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100th Congress, 1st Session

H. Rept. No. 100-433

S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 26

Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

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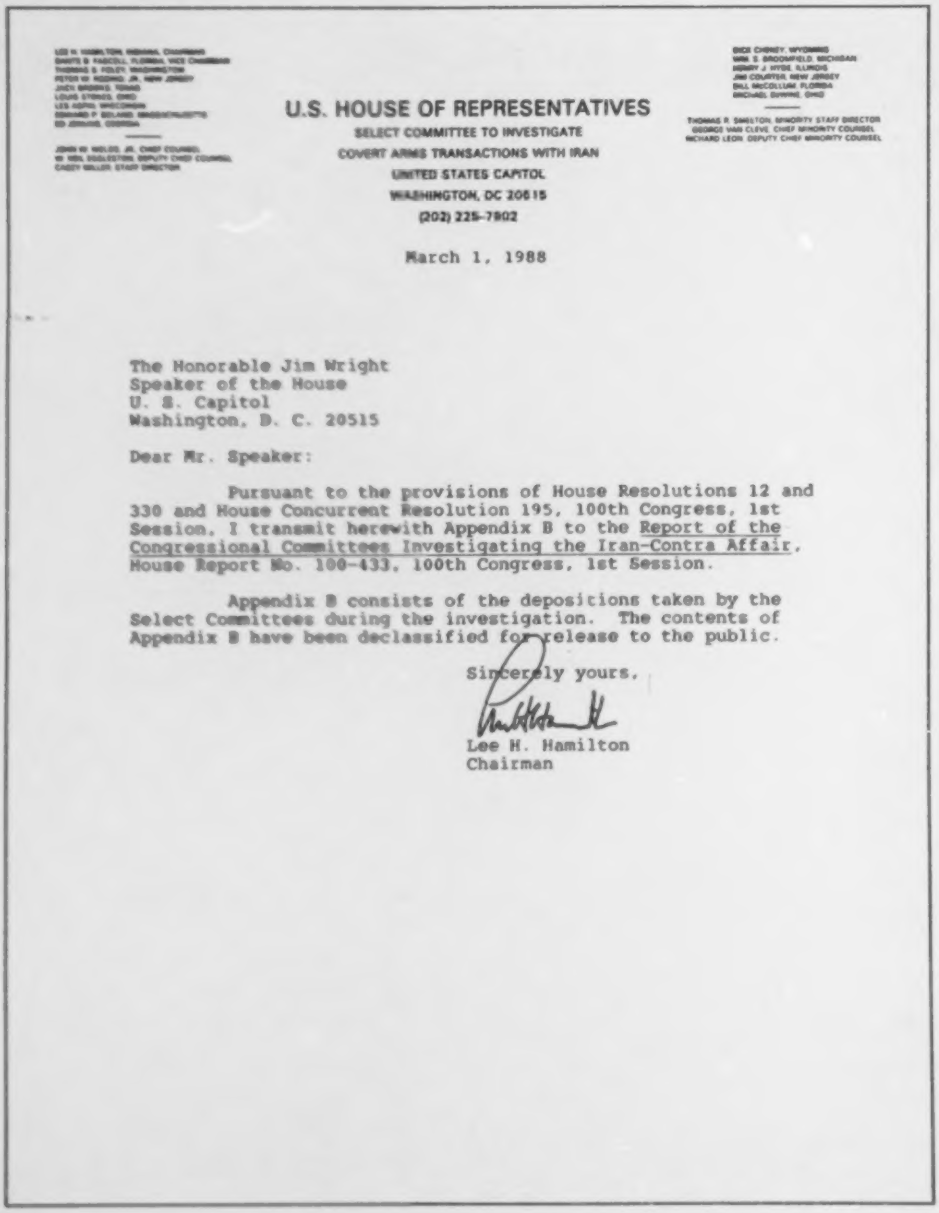

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SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

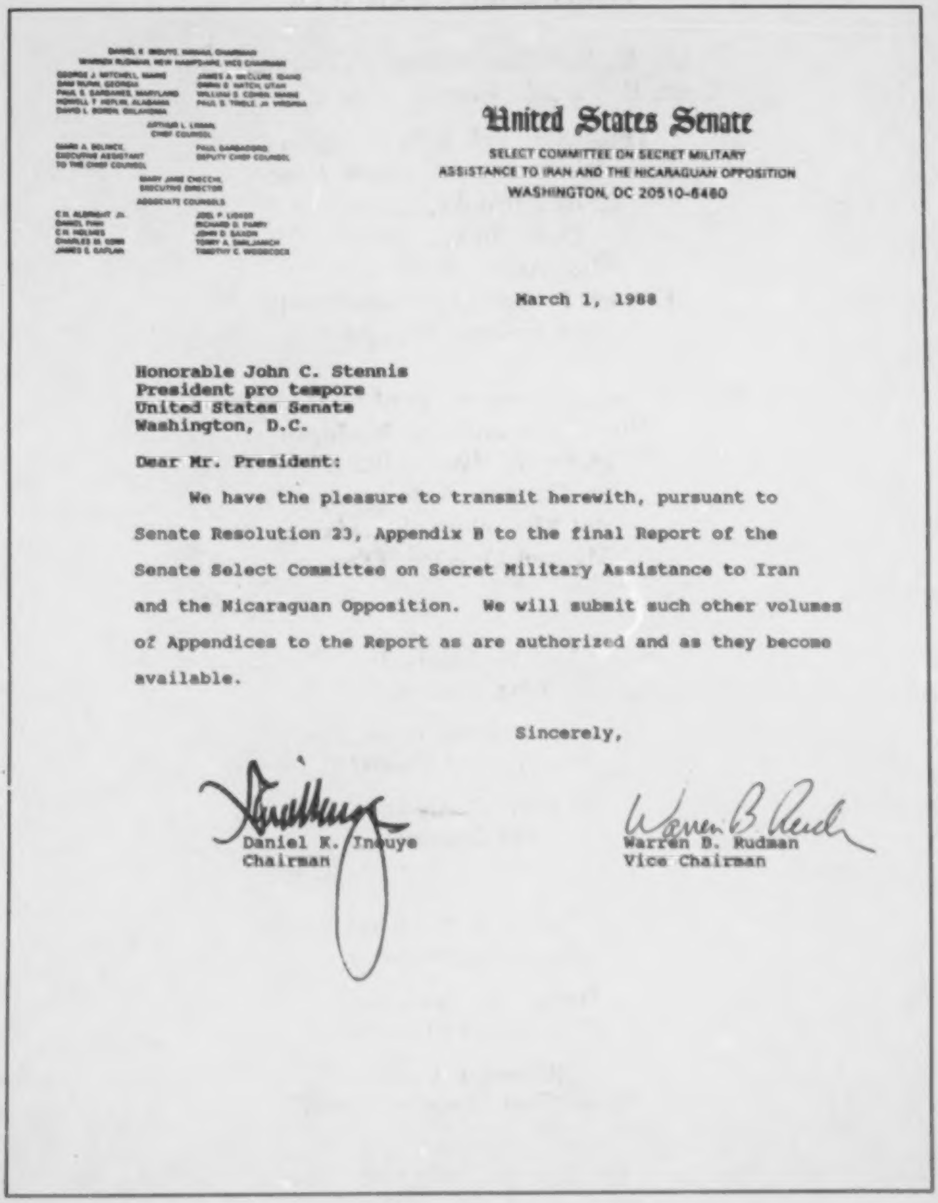
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Warren B. Rudman

Daniel K. Inouye
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Warren B. Rudman
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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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RPTS SULLIVAN

DCMN SULLIVAN

DEPOSITION OF CLYDE H. SLEASE, III

Thursday, June 11, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 10:09 a.m. in room H-328, the Capitol, with Thomas Fryman presiding.

On behalf of the House Select Committee: Thomas Fryman, staff counsel; R. Spencer Oliver, associate staff; Bill Davis, investigator; and Kenneth R. Buck, assistant minority counsel.

On behalf of the Senate Select Committee: Lawrence Embrey, investigator.

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MR. FRYMAN: Okay, would you swear the witness?

Whereupon,

CLYDE H. SLEASE, III

was called for as a witness and, having been duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE:

BY MR. FRYMAN:

Q Mr. Slease, would you state your full name for the record, please?

A Clyde H. Slease, III.

Q Where do you reside, Mr. Slease?

A Ligonier, Pennsylvania, L-I-G-O-N-I-E-R.

Q And what is your occupation?

A I'm a lawyer.

Q What day were you born?

A [redacted]

Q And what is your Social Security number?

A [redacted]

Q When were you admitted to the bar?

A 1969.

Q And that's in Pennsylvania?

A In Pennsylvania.

Q Any other States?

A I'm also admitted in the District of Columbia.

Q Where did you attend law school?

. A The University of Pittsburgh, School of Law.

. Q Graduated in '69?

. A Yes.

. Q And where did you obtain your undergraduate degree?

. A Duke University.

. Q What year?

. A 1966.

. Q Did you serve in the military?

. A No.

. Q Now, beginning in 1969 after graduation from law school, have you been employed as a lawyer? Have you worked as a lawyer since then?

. A Yes.

. Q Would you describe the various positions that you have held?

. A Sure. From 1969 until, say from June or July of '69, until March of 1971, I worked at Thorp, Reed and Armstrong, which is a law firm in Pittsburgh.

. Q And you were an associate there?

. A I was an associate there.

. Q And what was your particular area of practice?

. A Estates and trusts, domestic, corporate; some tax.

. Q And after March of 1971?

. A It was probably March or February of that year I went to the district attorney's office of Allegheny County, and I was the administrative assistant to the district attorney of Allegheny County.

. Q How long did you continue in that position?

. A Until January of--January of 1972, when I became a senior attorney in the general counsel's office of the Federal Communications Commission.

. Q That was here in Washington, D.C.?

. A In Washington.

. Q What were your responsibilities in that position?

. A I was in charge of the common carrier section of the Communications Commission and also political broadcasting rules which were just being adopted then, and then general--and other times general agenda work through the general counsel's office in the Commission.

. Q How long did you continue in that position?

. A Until March of 1974.

. Q What did you do after that?

. A I returned to Pittsburgh and became general counsel for Richard M. Scaife and his family and entities.

. Q And how long did you continue in that position?

. A Until September 19, 1986.

. Q In that position, did you have other people reporting to you?

. A Not in house.

. Q You had outside counsel reporting to you?

. A We had outside lawyers, yes.

. Q What was the nature of your duties as general counsel to Mr. Scaife? And I believe that is spelled S-C-A-I-F-E.

. A Yes.

. I handled his personal legal matters, any personal legal matters that came up for the family, and I was general counsel to the newspapers and radio station that he and we owned, and I was a trustee of several of the family trusts.

. Q You mentioned radio stations ''that he and we owned.'' Does that mean you owned--

. A We owned part of a radio--I owned part of a radio station on which he is the majority shareholder in Pittsburgh, Pennsylvania.

. Q Which station is that?

. A Station KQV.

. Q KQV?

. A Yes.

. Q Mr. Scaife is a member of the Mellon family?

. A Yes.

. Q Did you have any other personal investments in businesses along with Mr. Scaife?

. A No.

. Q Would you describe Mr. Scaife's activities as basically those of an investor, or does he have a more active role in particular businesses?

. A I don't see what relevance that has to the proceedings.

. Q Are you declining to answer?

. A I just don't see what--he would be the best descriptor of that. He is a newspaper publisher, a private investor.

. Q Since September 19, 1986, what have you done?

. A I've been retired.

. Q What was the reason you left the employment with Mr. Scaife?

. A To take a year off.

. Q Is this in the nature of a sabbatical?

. A No. Just taking a year off.

. Q Do you expect to go back to work for him?

. A No.

. Q Do you know a gentleman named Roy Godson?

. A Yes.

. Q When did you first meet Mr. Godson?

. A Probably middle or late '70's.

. Q What was he doing when you first met him? What was his position or professional activity?

. A The best I knew, he was a professor at Georgetown University and was working for the National Strategy Information Center.

. Q How did you happen to meet him?

. A Through friends.

. Q And you met him when you were working in Washington for the FCC?

. A No. After I returned to Pittsburgh.

. Q Did you meet him through friends in Pittsburgh?

. A Through friends in Pittsburgh.

. Q Was he in Pittsburgh and you met him or--

. A No. I just--they happened to know him, and I met him somehow.

. Q What do you understand are the activities of the National Strategy Information Center?

. A They do research on various projects involving national security; publish monographs on topics that involve national security, foreign policy; hold seminars.

. Q Have you attended any of their seminars?

. A I'm sure I have, yes.

. Q After first meeting Mr. Godson in the middle or late 1970's, how frequent has your contact been with him? And to try to quantify the question, if there is any average number of times, how many times would you see him or talk with him within a year since you first met him?

. A Well, I really didn't get to know him well or really see him probably until the early '80's, and then maybe a couple of times a year.

. Q How did you happen to get to know him well in the early 1980's?

. A Oh, I just think through the National Strategy Information Center and the fact that I would come to Washington on business. They had an office here, and I would just drop in and see him, in effect, just chat about things about which we had a mutual interest.

. Q Was there any relationship between Mr. Godson and Mr. Scaife or any of his foundations or business enterprises?

. A Well, other than the fact that some of our charitable entities gave money to the National Strategy Information Center.

. Q That's some of Mr. Scaife's--

. A Charities that were set up in Pittsburgh.

. Q Did you meet Mr. Godson originally through Mr. Scaife?

. A Not through Mr. Scaife, I don't think.

. Q Through some member of the Mellon family?

. A No.

. Q Did you get to know him better in connection with these contributions from Mr. Scaife's foundations? Was that the basis for--

. A Well, essentially, and I was a trustee, and so one of my duties as a trustee was follow-up, which was required by the IRS, to find out whether the people are doing with the money what they say they are going to do with the money, and that's sort of how I got to know Roy.

. Q Was this a particular foundation that made a contributions?

. A Gosh, I guess the contributions probably came from the Sara Scaife Foundation and also from the Carthage Foundation.

. Q The Carthage--

. A Carthage Foundation.

. Q Were these regular contributions of approximately a certain amount each a year, or did the amounts vary from year to year?

. A I can go through this, but I don't--I thought I was down here to testify about what it says on the subpoena, not how we ran our charitable operations.

. Q Well, I think your relationship with Mr. Godson is a significant subject of this deposition, and I think it's appropriate to inquire into the background.

. A Well, I disagree, but in any event, no. Like any other grantee, they would make requests every year because they had certain programs that they wanted funded or partially funded, and they would apply, and the trustees would meet and decide whether or not to grant them x amount of dollars up to the amount that they requested or less.

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. Q And you were a trustee of the Sara Scaife Foundation?

. A Yes.

. Q And also the Carthage Foundation?

. A Yes.

. Q And part of your responsibilities was to have contact with the NSIC, which was a recipient of grants from these foundations?

. A Yes.

. Q Now you first met Mr. Godson in the mid-1970's, but I gather from your answers your contact with him until the early 1980's was very sporadic.

. A That's right, you know, and maybe I didn't meet him till 1979, I don't know, but it was, I knew of him, and I'm sure I had met him.

. Q But beginning in the early 1980's, there has been a more regular contact between you and Mr. Godson?

. A Sure.

. Q And you would meet him or talk with him at least several times a year.

. A Yes.

. Q Now certain of those discussions, I gather from your answer, related to the grants from these foundations. Were other contacts unrelated to the grants? Did you have social contacts with Mr. Godson or other types of business

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contacts with him?

. A It was mainly just in relation to the grants and the fact that we had become friends.

. Q Who made the decision with respect to grants from these foundations to Mr. Godson? Was that Mr. Scaife, or was that you, or was that the trustees as a group?

. A Well, there were never any grants to Mr. Godson.

. Q To the NSIC then.

. A Those decisions were made by the trustees.

. Q Was Mr. Godson's contact with you? Was the reque for a grant to you or to someone else?

. A No. It was to the grant officer of the foundatio

. Q Do you know a woman named Faith Whittlesey?

. A Yes.

. Q When did you first meet her?

. A Probably 1974 or '75.

. Q Where did you meet her for the first time?

. A I don't see what relevance this has to anything that's listed here in this schedule or the subpoena.

. Q Well, I do.

. A I mean you could go through the list of everybody know in the world that has no relevance to this.

. . Q Well, we think it has significant relevance, and have a number of questions about your relations with Ambassador Whittlesey, and I intend to ask those questions

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If you decline to answer, then, you know, we will take whatever steps we need to take, but I will put the questions, and you can make your own decision.

Now the question is, when did you first meet her, and what were the circumstances?

A Well, I met her in Pennsylvania probably in 1974 and '75 when she was going to run for lieutenant governor.

Q What was her position then? Was she in business?

A I think she was in the State legislature.

Q And when you first met her, you were general counsel to Mr. Scaife?

A Yes.

Q Now how frequent has your contact been with her since the 1970's? And I realize that question may be difficult to answer as phrased, so let me try to rephrase it. During the 1970's, approximately how many times a year would you have any contact with her, either meeting her or speaking with her on the phone?

A Why don't we do this? Why don't you tell me what the relevance of this is to the subpoena? Because I'm not going to go through my relationship with everybody I know that you may ask me, because I don't think it has any relevance to why I'm here under the direction of this subpoena. If you can show me how you think it's relevant, I'll be happy to, you know, make my judgment then.

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. Q Well, I will get into more specifics with Ambassador Whittlesey, but particularly you had meetings with her in Switzerland in December of 1985. There were various dinners in Switzerland which she arranged with friends of yours which are reflected in expense reports that she turned in, and I want to know answers and the circumstances.

. A Well, what relevance does that have to this subpoena?

. Q Well, that is for me to decide and not you.

. A It's really for the committee to decide.

. Q Well, that's right, and I'll pose the questions, and if you decline to answer, you can do so, and the committee can decide.

. Now I've a pending question, and you can either answer it, or you can refuse to answer it.

. A Well, I mean I don't have anything to hide, but I think that it's highly irrelevant. I would see her, I don't know, in the '70's infrequently, maybe once a year.

. Q Now did there come a time in the 1980's when you began to see her more frequently?

. A Probably.

. Q When?

. A Probably when she was appointed Ambassador to Switzerland.

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. Q When was that?

. A Some time in--probably some time in 1981.

. Q So you began to see her more frequently and have more frequent contacts with her after she moved to Switzerland?

. A Probably, yes.

. Q What caused you to have more contact with her after her move to Switzerland?

. A She was a friend.

. Q She had been a friend from the 1970's?

. A Yes.

. Q That you had seen maybe once a year?

. A Once or twice a year.

. Q And then she goes to Switzerland, and you begin to see her more frequently?

. A Yes.

. Q Did you visit her in Switzerland several times?

. A Once--twice when she--once when she was there the first time--twice when she was there the first time; twice when she was there the first time.

. Q What do you mean by ''the first time''?

. A Well, she came back to the United States, worked in the White House, and then was reappointed.

. Q And the period of service the first time began in 1981?

. A I don't know the exact date. I assume after the President was sworn in, and then he nominated her, and she was confirmed and was sent over.

. Q Okay. So you visited her twice when she was there the first time. Then she came back to the United States, and then she went back to the embassy in Switzerland. Is that correct?

. A Yes.

. Q How many times have you visited her there since she went back?

. A I don't think I've visited her there in Switzerland at all since she's been back, though I may have; I'm just trying--no, I'm not so sure. I was there, but she wasn't there.

. Q Did you stay at her residence?

. A Yes.

. Q When was that?

. A Well, in December of--gosh--'85. Yes, I think it was December of '85.

. Q How were your meetings and communications with her in the 1980's, when she was in Switzerland, of a business or professional nature, or was this a personal relationship?

. . A Purely social.

. Q And the time you were there in 1985, you stayed at her residence, but at your recollection you did not see her

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during that visit?

. A Oh, that visit I saw her.

. Q In December of 1985. Was there another visit when you did not see her?

. A March of this year.

. Q How long were you there in March of this year?

. A Two nights.

. Q Do you know a gentleman named Herbert Barness?

. A Yes.

. Q Who is Mr. Barness?

. A A businessman.

. Q Is he in Pittsburgh?

. A Outside of Philadelphia.

. Q What is the nature of his business?

. A I don't know everything that Herb does.

. Q Well, tell me what you do know.

. A I think he is involved in real estate, and that's about all that I know.

. Q How do you happen to know him?

. A We're on the Pennsylvania Judicial Selection Commission.

. Q When did you first meet Mr. Barness?

.. A Oh, probably in the early '80's.

. Q How did you meet him?

. A I don't know. Probably through friends, a

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political function.

. Q On the average, how many times a year have you seen Mr. Barness or spoken with him since you met him?

. A Two or three times. Sometimes more before judicial meetings.

. Q Has that been your only professional contact with Mr. Barness, your service together on the Judicial Selection Commission?

. A Yes.

. Q Do you have any other business contacts with him?

. A No.

. Q Does the Scaife Foundation or any of the Scaife interests?

. A Not to my knowledge.

. Q Mr. Slease, have you ever been approached by anyone requesting any sort of contribution relating to Nicaragua?

. A What do you mean, ''relating to Nicaragua''?

. Q A contribution to be provided to [redacted] or to be used in connection with activities in Nicaragua.

. A You're going to have to be a little bit more specific.

. Q Well, let's put it this way. Did anyone ever ask you, either you personally or to you as a representative of the Scaife family, to make any sort of contribution and in the request to you the word ''Nicaragua'' was mentioned?

. A To me as an individual, yes. As a representative of the Scaife family, never.

. Q To you as an individual, did that occur on more than one occasion?

. A Actually, no one ever asked me to make a contribution using the word ''Nicaragua.''

. Q Well, you earlier answered yes to my question, so what did you have in mind when you answered yes?

. A Well--well, when I thought about it: he asked me personally to make a contribution, and the answer is, no one ever asked me to make a contribution, no.

. Q Well, you've got me confused by your answer.

. A Well, when I said yes, that was an incorrect answer to your question when I thought about it. I was never asked by anybody for me personally to make a contribution. Define ''contribution.'' I assume you mean dollars.

. Q Yes.

. A The answer is no.

. Q Were you asked to arrange for a contribution or to find someone else to make a contribution?

. A Yes.

.. Q And did that occur on just one occasion or more than one occasion?

. A One and a half occasions.

. Q So it's more than one?

. A Sort of.

. Q Who made that request to you?

. A Mr. Godson.

. Q When was that?

. A Probably the spring of 1985.

. Q Now was that the one occasion? I want to distinguish between the one occasion and the half occasion.

. A Well, when you say the word ''Nicaragua,'' I mean that's, you know, that's vague. No one ever asked me to make a contribution to Nicaragua or solicit contributions for Nicaragua.

. Q No. I think my question was that they asked you for a contribution and in the conversation the word ''Nicaragua'' was mentioned. I didn't intend to say that they specifically asked you for a contribution or to arrange a contribution to Nicaragua. I was trying to--

. A Yes, okay. I understand now.

. Q So you received such a request from Mr. Godson on one occasion.

. A On one occasion, he asked me if I would be willing to help in a project that involved Nicaragua, yes.

. . Q That was the thrust of my question.

. A No. Actually, ''Central America'' were his words.

. Q And you said there was another half occasion, and

I'm not sure--

. A Well, I'd say that was the half.

. Q What was the one then? You said there were one and a half occasions.

. A When I met with Robert McFarlane and Oliver North.

. Q Now the call from Mr. Godson was in the spring of 1985?

. A I think so.

. Q Some time in 1985?

. A Oh, yes.

. Q Did he call you at your office in Pennsylvania?

. A Yes, but I actually think he was in Pittsburgh for some reason, and we talked about it.

. Q Had you seen him during his visit to Pittsburgh?

. A That's--yes.

. Q Do you know what he was there for?

. A No.

. Q Was it related to the Scaife family in any way?

. A I don't have any idea; I really don't recall.

. Q What did he say to you, as best you recall?

. A As best as I recall, it was at lunch time, and he--we were outside my office, and he asked me if I would be willing to help if anything ever arose on any special projects involving Central America.

. Q You say this was outside your office. So was this

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a face-to-face meeting you had with him?

. A Yes.

. Q Do you know the reason he was at your office?

. A I really don't recall whether he may have just been passing through and had time between planes or whether he was there for, you know, for a visit. I don't know whether he was specifically in our office or maybe was seeing other people in Pittsburgh. I really don't recall.

. Q But in any case, he came by your office.

. A Yes.

. Q And you spoke with him.

. A Or he was staying in town and maybe didn't even come by my office. I think I just met him during my lunch time.

. Q Did you have lunch with him?

. A No.

. Q You met him at a club, or you met him--

. A No. I think we just walked around Mellon Square.

. Q Just to try to clarify this, as I understand it, he called you and said, ''I'd like to talk to you about something,'' and then he comes by and--

. A Yes, that's--

. . Q --and you spend 10 minutes walking around the square.

. A Or longer, yes. That's essentially it.

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Q ''Nice day,'' and--

A Yes. I mean this wasn't probably the only thing we talked about.

Q Okay.

In 1985, had you been having more frequent contact with Mr. Godson than you had in earlier years?

A Probably '84, '85, he was in the midst of writing a book and wanted help on--he was writing a book on Soviet disinformation and wanted some help on how to get his book publicity, and so I had more frequent contacts with him, helping him do that and talking about how you go about doing that--you know, talk shows, and television appearances, and speeches, presentations--things like that.

. Q Why would he turn to you on that matter? Was that related to your--

. A Just because we were friends and because I knew something about that.

. Q And about the radio industry and the newspaper--

. A And about presentations. It was a subject that we--you know, we had a mutual interest, and so I was familiar with the subject, and I was a good source on how to get your point across.

. Q So in '84 and '85, how many total times would you say you had met with him or spoken with him?

. A Gosh, I couldn't--I couldn't tell you. I don't know.

. Q More than 20? Focusing on '84, more than 20 times?

. A That--that's hard to say. I mean that may be a good number.

. Q You had frequent contacts with him?

. A Frequent, yes, sure. Sure. I talked to him once a month or so, sometimes more often.

. Q And one subject of the meetings or discussions with him was promotion for the book that he was writing?

. A That was basically 95 percent of it.

. Q Was the subject of grants to the NSIC from the foundations another subject?

. A Not really. Not really. I don't recall whether we specifically provided funds for this or whether this was being done out of their general operating budget. I don't know. I was just someone he could turn to because we knew each other.

. Q How returning to the day when he called you and you believe you walked around Mellon Square, what do you recall about what he said on that occasion?

. A He asked me if I would be interested in working on some special projects if anything came about involving Central America.

. Q Did you ask him any questions about what he was referring to?

. A Well, my comments were that I would be happy to help, that I wasn't going to do anything for the--for the contras, because I had no idea what the law was or wasn't on that, and so I made that absolutely clear, and that was clear to him, and that was the end of that subject, and then he called me one day and asked me if I'd be willing to help on a specific project, and I said yes.

. Q Well, returning to your meeting with him in Pittsburgh, he asked you if you're interested in being involved in any projects relating to Central America. That's how the subject initially comes up.

. A Yes, and he may have even asked me about the specific subject at that time. It was also relevant.

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. Q What was the specific subject that was relevant?

. A If I wanted to help raise any funds for [redacted]

. Q You believe he raised that during that walk?

. A Probably.

. Q Now what did he say about the funds that were to be raised [redacted]?

. A He just said that they were essentially having a--you know, a tough go of it [redacted], and would I be willing to see if I could help.

. Q Did he describe what [redacted] were?

. A Just generally support [redacted]

.. Q Now in response to this, I believe you said you would be happy to help but you did not want to get involved in support for the contras?

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A Not in any way.

Q That was what you said to him at that time?

[Witness nods.]

BY MR. FRYMAN:

Q What else did you say to him?

A Well, I just told you, that was it, that I'd be happy to help, that I wanted to know that if this was something that the people wanted done, you know, have them--have them tell me, and I'll go out and see if I can do anything.

Q By ''happy to help you,'' that related to raising funds for [redacted]

A Sure.

Q Now had Mr. Godson raised the subject of the contras?

A Never.

Q What prompted you to affirmatively state that you did not want to get involved in assisting the contras?

A Whenever the word ''Nicaragua'' came up.

Q Had that come up before?

A I was talking about Central America, so we were talking about everything that was going on down there, and I think I probably just volunteered and said, ''I'm not raising any money for the contras,'' and he hadn't asked me to raise any money for the contras. I just said, ''I just want you to know this is for [redacted]. It's for [redacted] not for anything else,'' and made that clear, and that was the end of it.

. Q Had you been following developments in Central America?

. A Sure.

. Q In the press?

. A Sure.

. Q Had you been doing anything more than reading the daily newspapers and news magazines? I mean were you getting any sort of special briefings or special reports with regard to Central America?

. A Not that I--not that I recall. I mean I know of a lot of people who know a lot about foreign policy, and other than conversations that we would have, no. I mean I didn't get anything special where these people were experts in an area. We would have conversations, and they would tell me about their view of, you know, what was going on, but nothing--nothing special.

. Q Is foreign affairs a particular interest of yours?

. A Yes.

. Q Are you a member of various foreign policy--

. A No.

. Q You're not a member of the Council on Foreign Relations?

A No, no.

Q So he mentioned Central America and [redacted] and I take it from your answer he identifies [redacted]

A Yes.

MR. FRYMAN: Off the record.

[Mr. Buck enters.]

BY MR. FRYMAN:

Q What specifically have you read or known about the contras that led you to tell Mr. Godson in this initial conversation that you didn't want to be involved in any way in providing money to the contras?

A Oh, I don't know. It was just a general--general opinion. That wasn't my interest in helping military kinds of things, because I really didn't know anything about it, and I didn't know what the status of the--of the law was or all the nuances, so it just didn't have any interest to me, and he never asked me to help them. I just made that clear. I just volunteered that, that that wasn't an interest of mine.

Q In making the request for the contribution t[redacted] who did Mr. Godson say he was acting for in making this request?

A He really didn't--he really didn't say. I said if this was something that, you know, people wanted done, then take me to them and let them, you know, tell me. I assumed that he had had discussions with Bud McFarlane and Ollie North about it.

. Q Did you know them?

. A I had met Bud. I didn't know Ollie then.

. Q You knew of Colonel North at that point?

. A Vaguely.

. Q You said you told him if this is something, I believe, people want done, to take you to them. Did you use the phrase, ''If this is something the administration wants done, take me to them''?

. A I may have said--I may have said the Government.

. Q But if you used the phrase ''people,'' by that phrase you meant, ''Take me to the people in the Government who want this done''?

. A Hm-mm.

. Q ''And let them tell me directly''?

. A Or who want to make--make a request, let them make a request of me directly.

. Q So did you understand that he was acting as an emissary of someone else in making this request?

.. A I essentially assumed he was acting as a friend of a friend.

. Q Who was the friend?

. A Probably Bud McFarlane or Oliver North.

. Q Did you know that he knew McFarlane?

. A Oh, yes.

. Q How did you know that?

. A Gosh, I don't know. I knew that he was--did something with NSC and obviously knew the director.

. Q Had you ever been together with Godson and McFarlane?

. A What? Before he asked me?

. Q Yes.

. A No. To the best of my knowledge, no.

. Q But you had previously met McFarlane.

. A Yes.

. Q On what occasion?

. A Some party here in Washington.

. Q On more than one occasion?

. A Maybe twice at the most.

. Q Both social occasions?

. A Yes.

. Q Had you ever met William Casey, by the way?

. A Yes.

. Q When did you first meet him?

.. A Probably some time in the middle '80's. I sat next to him at a dinner that NSIC had here in Washington, and I had met him maybe once or twice before at a--some social function.

Q And you sat next to him at the dinner in the mid-1980's, you think? That would be '84 or '85?

A Yes. Somewhere in there.

Q Did you ever meet with him or speak with him after you saw him at that dinner?

A No.

Q Did you have any understanding about a professional relationship between Mr. Casey and Mr. Godson?

A No.

Q Do you know if they knew each other?

A Oh, I'm sure they knew each other.

Q Why do you say that?

A Because they were all there at the dinner, and I assume that Roy had known him for a long time. He spoke of him.

Q Godson spoke of Casey?

A Mm-mm.

Q Did he mention Casey that day in Pittsburgh when you spoke with him--

A No.

Q --around Mellon Square?

A No.

Q Well, how did this discussion with Mr. Godson in Pittsburgh end?

. A He said, ''Well, I'll try to arrange for you to see the people that you should see about this.''

. Q Did he identify the people?

. A McFarlane and North.

. Q He said in response to your--

. A At some time in that time frame. I can't specifically tell you whether he was in Pittsburgh when he said that exactly or not. It was somewhere around there.

. Q Did he--did Godson tell you if he had been contacting other people?

. A I don't think--no. No, I don't think he did tell me.

. Q Do you know if he had been?

. A I don't know. Not that time, no.

. Q Did you learn since if he had been?

. A I don't think that he did on this thing; not to my knowledge.

. Q Did you hear from Mr. Godson after this meeting in Pittsburgh?

. A Yes.

. Q How long after?

. A Gosh, a week, two weeks maybe.

. Q He called you?

. A I'm sure.

. Q What did he say?

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A He said that he had arranged a meeting and what were some dates where I could come down to Washington and meet with McFarlane and North.

Q So he identified them in that phone conversation?

A Yes, I'm sure; yes.

Q But you're not sure if he had--

A No, but I may have been down here on business and happened to run into him or go see him. I think it was done by the phone.

Q In any case, the next time you spoke with him, he said he had arranged for you to see McFarlane and North?

A In the next one or two times I spoke to him, yes.

Q Okay.

A Because we were still talking about, you know, a lot of other things.

Q And some of the other things were the grants from the foundation and--

A No.

Q --the publicity for the--

A They were--they were mainly the book.

Q The book, okay.

A Yes. They were mainly the book.

Q So he gave you some dates, and did he arrange an appointment with those two?

A Yes.

Q When did that occur?

A I think that was in the early spring of 1985--early spring or early summer.

Q Do you have any calendars or records that indicate that?

A I don't. I don't have a date on there. I looked at my calendars, and I don't--I didn't find a date. I was doing all this on my--on my own time, so that there wasn't any notations that I made on any, you know, business calendars and things that I have.

Q Where did you meet with them?

A At the White House.

Q Whose office?

A The Situation Room.

Q Who was present?

[Pause while House Floor bells ring.]

A None of those guys. Mr. McFarlane, Colonel North, Roy Godson, and me.

Q How long did the meeting last?

A Maybe 20 minutes.

Q Now you had met McFarlane before a couple of times on a social occasion.

A Yes. I don't know whether he really knew me or not, but I had met him.

Q And this was the first time you had met North?

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. A Yes.

. Q Did McFarlane do more talking than North, or was it about the same, or did North do more talking than McFarlane?

. A It was probably about the same.

. Q What do you recall McFarlane said?

. A He just asked me if I wanted to help raise funds for [redacted]

. Q Now you say ''they.'' Is that a distillation of what both of them said?

. A Yes. That's essentially what it was.

. Q What did Godson say?

. A Well, he really didn't say--say very much.

. Q Did any of them at this meeting indicate why you had been selected for this role?

.. A No.

. Q Did Godson give any indication at the earlier meeting why you had been selected?

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A He just asked me because--because he knew me, you know, and that's the assumption that I made, and I guess they thought that I might know people who would be willing to help in a situation like this.

One other thing they asked me about there was, did I know what UNO was, and I had no idea what that was, so they told me about that.

Q What did they tell you?

A That it was some kind of symbol that were symbols of the resistance to the Sandinista Government.

Q Did they mention any amount that they wanted you to raise?

A That's hard to say. I think somewhere along the line the figure $400,000 came up, but whether--but that may have been just a general discussion on what he thought might be, you know, possible at the outside on something like this, and so I think $400,000 was, in effect, the goal.

Q Who mentioned that figure?

A I don't know who first mentioned that.

Q That was at this meeting?

A I think so. I can't say specifically whether it was or whether that's something that Roy and I talked about. It could have been.

Q Did anyone at the meeting speak of efforts by other groups to raise funds?

. A No, not that I recall. The sole discussion was about [redacted]

. Q How did the subject of UNO come up?

. A I don't recall.

. Q Did you affirmatively tell them that you did not want to get involved in providing money for arms?

. A That subject never came up. The first and only time that subject ever came up was when I had my initial conversations with Roy, and it was never brought up or mentioned again. It was not the focus of what we were talking about. It wasn't any way related to what we were talking about.

. Q Did you speak by telephone with Mr. Davis in April of this year?

. A Probably April or May. First I talked with Tom Ciehanski.

. Q And then you had another conversation with Bill Davis?

. A Was it you that I talked--we talked on the phone.

. Q So you did have a conversation with Mr. Davis?

. A Yes, about this appearance, and maybe it was--and if it was you that I talked to briefly about whatever Tom Ciehanski had asked me about.

. Q In your telephone conversation with Mr. Davis, did you tell him that during your meeting with Mr. McFarlane and

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Colonel North you told them that you would not get involved in providing money for arms?

. A I may have--yes. I don't think I ever said that to Bud or Ollie, because they never asked me about that.

. Q But did you tell Mr. Davis that you had told them that?

. A I don't recall. I think I told Mr. Davis that--whatever the focus of all this was, that I had made it clear that I wasn't going to do anything, you know, in regard to contras or that subject, yes.

. Q Did you also tell Mr. Davis that in response to such a comment by you to them they responded that they had other people doing that?

. A I don't recall that.

. Q You don't recall telling Mr. Davis that?

. A I don't. I don't. I may have, not to say that I didn't, but I don't recall that.

. Q Well, does that refresh your recollection that there was such a discussion with Mr. McFarlane and Colonel North?

. A I never had a discussion with them like that.

. Q You never did?

.. A I did with Roy.

. Q What did you tell Roy? Was that when you met in Pittsburgh or on another occasion?

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A Oh, I think when we met in Pittsburgh, because then the subject never came up after that.

Q And did Roy say to you, ''We have other people doing that,'' or words to that effect?

A Well, that I really can't recall. I don't--we never really talked about it otherwise. I mean I may have had some generic knowledge, you know, myself, that people, you know, were doing that. I think I probably was aware that that was going on, but I never had any specific discussions with McFarlane or North anywhere near that subject, and I may have talked with Roy about it.

Q What were you aware that was going on?

A Well, I knew there were a lot of groups doing, you know, different things for people in Central America.

Q What did you know about raising money for arms?

A I didn't really know anything.

Q Well, you said just a minute ago you knew that was going on.

A Well, I probably had some generic knowledge that I'm sure that there probably were private people out there raising money for arms. I had probably seen it in the newspaper or on television or something like that.

Q What about specific knowledge?

A No, I didn't know any, no.

Q No one had contacted you?

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. A No, never.

. Q Were you aware that anyone else had made contributions for that purpose?

. A No; no.

. Q Now you referred to the amount of $400,000 which may have been mentioned in the meeting with McFarlane and North, or it may have been mentioned later with Godson. Is that correct?

. A Yes. Or maybe even before the meeting. Around that time.

. Q And did you understand you were being asked to raise $400,000 or that was the goal?

. A That was more like the goal. I mean you never knew in a situation like this what you could raise.

. Q Were they asking for, at least in part, a personal contribution from you?

. A Never asked me for a personal contribution.

. Q You understood your role was just to be that of a fund raiser?

. A Yes.

. Q What was to be done with the money? Were you told?

. A It was to go to support [redacted]

. Q But physically, how were you to get the money there?

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A Well, in the only instance--

Q Well, were you told at this meeting in the White House?

A I don't think so.

Q When were you told?

A When I probably went and asked Herb if he wanted to make a contribution.

Q All right. Let's then get to that in a second. How did the meeting at the White House end? They described the need; the meeting went on for about 20 minutes. What was the conclusion of the meeting?

A And after they had said what they had said and I had said that I would, that was--that was that, and they went to their offices, and I walked out. I think Roy and I talked for a little bit in the parking lot, and then I left.

Q Did you come to Washington just for that meeting?

A I think I probably did.

Q And you have no notation of that meeting in any calendar?

A No.

Q Weren't you concerned about knowing the right address or the right time?

A Not while I was told. I can remember that.

Q You were told how far ahead?

A I don't know. Probably a couple of weeks--one or

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two weeks.

. Q A couple of weeks ahead, and you made no notation of the date or the time?

. A Didn't have to.

. Q How did you handle the expenses for that trip--your travel expenses down? Did you charge that to your employer?

. A I doubt it. I'm sure I probably paid for that trip.

. Q You flew in from Pittsburgh?

. A I'm--I'm pretty sure I flew. I can't swear that I didn't drive.

. Q Did you spend the night?

. A I don't recall.

. Q How do you normally arrange for plane tickets? Do you go through a travel agent, or do you arrange your reservations directly?

. A It would depend really whether or not my secretary would make them directly or whether she would make them through one of the people that we use in our office when people in the office travel.

. Q Your secretary normally makes your reservations?

. A Normally.

. Q So then your travel expenses would be initially charged to the office and then--

. A No.

. Q How would you pay for it?

. A All the--I would pay for them all myself.

. Q On a credit card?

. A Most--yes. Probably most all the time.

. Q American Express, or what--

. A Probably.

. I'll tell you, we may have been billed. I mean she may have called the travel agency, they may have made them, and then the travel agency just billed us direct without using the credit card.

. Q Us being you individ--

. A The office or anybody that--yes, me as an individual.

. Q Going back to the meeting at the White House, you come out of the meeting, you may talk, or you do talk, with Mr. Godson for a while in the parking lot. What was said there?

. A I think essentially that was okay, and this is fine, and I'll see what I can do.

. Q What did you do?

. A Thought about it for a while, talked to some people about the possibility of, you know, raising money for this or the--well, the subject of it really didn't--mainly just thought about it and tried to figure out who--who I would approach and--

. Q Did you talk to Mr. Scaife about it?

. A No, never. It turned out not to be very successful.

. Q Who did you talk to?

. A I talked to Herb.

. Q Who else?

. A That's essentially it. I talked to another guy in Pittsburgh, but he--he wasn't interested in giving any money to anything that's, you know, listed here, I.C., Inc., or whatever.

. Q Now why did you happen to call Herb?

. A Because he had some money and because he was always a willing giver on different things that--you know, that we all supported, and I thought this may be something that may have some interest.

. Q How had you known he was a willing giver? You had only seen him two or three times a year.

. A Oh, because he and I had traded off on various political fund-raising things for candidates, and whatever I knew that he was interested in in the political process, and he'd call me, and we'd talk about, you know, various and sundry things.

.. Q What do you mean, ''trading off on various political''--

. A Well, somebody calls and says, ''Will you give money to x candidate?'' and they say yes. Well, sooner or later, you're going to get a call from them saying, ''Will you give somebody''--give money to somebody that they support.

. Q Was Herb a Republican or Democrat?

. A Republican.

Q So you thought of calling him because you knew he had made various contributions?

A Yes, and I thought that this might be a subject that would interest him, yes.

Q Why would this interest him in particular?

A I don't know. Probably because he thought our policy in Central America was a good policy and--

Q Now you mentioned you talked to one other person in Pittsburgh. Did you talk to only two people about this after meeting in the White House with Mr. McFarlane and Colonel North and Mr. Godson?

A For funds, yes.

Q What did Mr. Barness say when you called him, and what did you say to him?

A Well, actually, I met with him in Philadelphia. I think we were there for a judicial meeting. So I got him alone. I think I met with him--

[Pause while House Floor bells ring.]

--it was either before or after our meeting.

Q And the two of you spoke alone?

A Yes.

Q What did you tell him?

A I just reviewed the events of meeting with Mr. McFarlane and Colonel North and Roy and asked him if--if he'd like to help.

. Q What did he say?

. A He said he'd think about it.

. Q When did he tell you he would?

. A Well, I think--I think I got a--I think he said he'd think about it, and he said he'd probably help but he didn't know how much, and then I think the next thing I knew I probably called Roy, got the name of I.C., Inc., called Herb's office, gave it to the secretary saying if he wanted to make a contribution this was the way the check would be made out, and then he sent me a check for $5,000.

. Q So Roy Godson himself gave you the--

. A Yes.

. Q --name of I.C., Inc. And he said just make the check out to I.C., Inc.?

. A Yes.

. Q Now had you known about I.C., Inc. previous to--I thought you said you spoke to someone else in Pittsburgh and they didn't want to give to I.C., Inc.

. A Well, I think all of this happened at the same time--you know, probably within the same couple of weeks, and so I had either gotten the name from Roy before I talked to Herb or right after I talked to Herb or, you know, whatever--somewhere in that time frame--you know, in that summer after I had been down here, and I still to this day don't know what it is.

. Q Did you understand this was to be a tax-deductible contribution?

. A No.

. Q Did Barness ask if this was to be a deductible contribution?

. A I don't think so.

. Q You had no understanding one way or the other?

. A No, I didn't. I didn't. I thought this was hard dollars, and I didn't think this was tax deductible.

. Q Why wouldn't a contribution to the [redacted] be tax deductible?

. A Well, I think if you make your check out to [redacted] it would be tax deductible, but I didn't have any idea one way or the other whether I.C., Inc. was a 501(c)(3) or not.

. Q Did it seem strange to you that the check was not being made out to [redacted] if that's what the money was being raised for?

. A Not particularly.

. Q Isn't it easier to raise funds for tax-deductible purposes than non-tax-deductible purposes?

. A It certainly seems to be. But I didn't know. I mean the only thing I knew, that I.C., Inc. was an offshore--I suppose an offshore entity, and that's the way the money would get to [redacted]

Q Why did you think it was an offshore entity?

A Because I think Roy told me.

Q Did he mention the name Richard Miller?

A Not that I recall.

Q Frank Gomez?

A Who?

Q Frank Gomez.

A No.

Q Carl Channell?

A No.

Q Have you ever met any of those individuals?

A Yes.

Q Which one?

A Carl Channell.

Q When?

A I first met him back in the late '70's or early '80's.

Q Are you aware that he was involved in fund raising for matters relating to Nicaragua?

A I am now.

Q When did you first learn that?

A Reading it in the newspaper.

Q You told Barness that this was to be a contribution to [redacted]

A For [redacted]

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. Q For [redacted] And you told him either in the initial meeting or after you talked to Godson to make the check out to I.C., Inc.

. A Yes.

. Q And Godson mailed the check to you?

. A No. Herb mailed the check to me, and I mailed it to Roy.

. Q That was my question.

. A Or gave it to Roy. I probably mailed it.

. Q He mailed it--

. A I'm pretty sure I mailed it.

. Q But it came through you?

. A Yes.

. Q Barness gave it to you

. A Yes.

. Q One way or the other.

. A Yes.

. Q And you believe you sent it directly to Godson?

. A Yes, I think I did.

. MR. FRYMAN: I ask the reporter to mark this document as Slease Deposition Exhibit 1 for Identification.

. [The following document was marked as Slease Deposition Exhibit 1 for Identification:]

********** COMMITTEE INSERT **********

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BY MR. FRYMAN:

Q Mr. Slease, I show you Deposition Exhibit 1 for Identification. Is that a copy of the check that Mr. Barness sent to you?

A I assume it is, yes.

Q Now the date on that check, I believe, is November 4, 1985. Is that correct?

A Yes.

Q Now I believe you indicated that your meeting with Mr. McFarlane and Colonel North was within a few weeks of that date.

A Well, looking at the date of the check, I'm pretty car--well, I'm certain that I met with Mr. McFarlane and Colonel North--I know it was nice out, so I'm assuming it was the early--you know, the early summer, and then when I met with herb, it was probably around one of our judicial meetings, and I--it runs in my mind that that was probably later on in the summer. It may have been--it may have been in the fall. I don't remember, though, the time that elapsed between when I talked to Herb and when I got the check.

Q When you received the check from him, did you notice that he had written ''contribution'' on the check?

A I'm sure I did.

Q Did you have any understanding with Mr. Barness

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that you would reimburse him for this amount?

A No.

Q Did you ever reimburse him?

A No.

Q Do you know if any of the Scaife interests reimbursed him in any way for that?

A Oh, heavens, no. They didn't know anything about it.

Q Now was that $5,000 contribution the only funds you were able to raise following your meeting in the White House with Mr. McFarlane and Colonel North?

A Well, there were some other funds raised by other people.

Q Who were they?

A Mr. John Hirtle.

Q How do you spell that name?

A H-I-R-T-L-E.

Q Who else?

A Who exactly he contacted, I'm pretty certain that they did raise money for--well, I don't know whether it went to I.C., Inc. or not. I can't--I can't be sure of telling you that, so I don't know that. But he had called me, and I said, ''Well, here's the project,'' and he indicated that he had some interest.

Q Who called you?

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. A John Hirtle.

. Q And who is he?

. A He is a broker at Goldman, Sachs in Philadelphia.

. Q Do you have some business relationship with him?

. A He's my broker.

. Q He's your broker. So did he call you with respect to the business relationship?

. A This particular time, I think he called and just said, you know, ''I've been seeing all this stuff about Central America and the problems out there, and we've got to, you know, try to help them keep the communists out of Central America''--that kind of stuff, and he said, ''You're familiar with these things, and is there any way I can help?'' and I essentially said, ''Well, you've called at the right time.''

. Q Had you told him that you were going to meet--

. A No, no. It just, like, dropped out of the sky.

. Q Just a coincidence?

. A Yes.

. Q Did you put him in touch with Mr. Godson?

. A Yes.

. Q Do you know if they met?

. A I know they talked, and whether they physically met--he may have come down here; I'm not certain.

. Q Do you know if Mr. Hirtle met with anyone in the

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White House?

A Well, I know he met with Colonel North, but they didn't meet in the White House, to the best of my knowledge.

Q Well, I meant any employee of the White House.

A He met with Colonel North.

Q And it's your understanding that Mr. Hirtle raised some money?

A I think so, yes.

Q Do you know how much?

A Less than a hundred, I think. No, I'm not certain, because I didn't--I sort of was out of it, and they were going.

Q And was that paid to I.C., Inc. also?

A That I don't know. I really don't know.

Q How do you know this? Did Hirtle tell you?

A That they raised money?

Q Yes.

A Yes.

Q Who do you understand contributed whatever it was that he raised?

A I really don't remember who they--who they talked to or who they got it from, but it's--it's my recollection that they did raise some money. I know he talked to some people, and I--I'm not 100 percent certain that they raised money, but I'm pretty sure that they did.

. Q Are you aware of any other funds that were raised?

. A For I.C., Inc. or any of this stuff on here, no.

. Q Well, ''by any of this stuff on here,'' I'm really talking about any funds that were raised for the purposes that were generally described by Mr. Godson and Mr. McFarlane and Colonel North. I mean you've described the $5,000 you raised from Mr. Barness, and you've described the monies that Mr. Nirtle raised. Now are you aware of any other funds that were raised for those general purposes?

. A That's--that's hard to say. I'm aware of some funds that were raised, but I don't have any idea what--what happened to them.

. Q What are you thinking of?

. A Well, there were some funds that were donated to the Heritage Foundation.

. Q Was this $100,000?

. A Yes, that were for the purposes of--you know, of a grant to the--through the foundation, and after that I don't have any specific knowledge as to what happened to them.

. Q Was this money that was sought by Mr. Godson?

. A No.

. Q Or was he involved in any way with that grant?

. . A Not in the--not really in the solicitation of the grant. Not in the solicitation of the grant.

. Q Who made the grant?

A It came from an individual in Pittsburgh.

Q Who was it?

A Mr. John F. Donahue.

Q D-O-N-A-H-U-E?

A Yes, I think so.

Q How do you know about that grant?

A Because I went and talked to Jack.

Q Why?

A Because he's a long-time and big supporter of [redacted]

Q So was this something you did as a result of your meeting at the White House?

A Yes.

Q Why didn't he contribute $100,000 to I.C., Inc.?

A I don't think he had any interest in doing that.

Q Was that discussed?

A I don't think so. I really don't think so.

Q How did the Heritage Foundation get involved?

A Well, he wanted to do something to help, because I had asked if he wanted to do something to help, and we sort of settled on the fact that maybe the best way to do it would be give money to the Heritage Foundation and hopefully they could do something to help the situation in Central America, and if it helped [redacted] by their research and, you know, policy analysis and stuff like that,

that was--that was a good enough reason.

. Q Did you discuss this with someone at the Heritage Foundation?

. A I may have talked to Ed Feulner very briefly, and I talked with John Von Kannon, the treasurer, just to let them know that a grant was coming down and what it would be.

. Q What did you and Feulner say in your conversation?

. A I really don't recall, except that Jack Donahue was going to give $100,000 to Heritage to help [redacted] and that they would take it from there as far as what would be the best way to--you know, best way to do it.

. Q Did you tell him Godson had been involved in this?

. A I told him that I had talked to Roy, I think. I probably did.

. Q Did you suggest he speak to Godson?

. A I think Roy and I decided that Roy would speak to Ed.

. Q Did Roy suggest that you call Feulner?

. A Oh, gosh, I don't know whether it's a matter of suggesting or not. I mean obviously if somebody is going to send somebody $100,000, you just decide to let him know. So I don't know whether--who decided what. I think we both mutually decided that we'd call him and tell him that it was coming.

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. Q How had you known Feulner?

. A Oh, I've known him for, I don't know, 10 or 12 years. I've known him since 1974 or '5.

. Q Do the Scaife Foundations contribute money to the Heritage Foundation?

. A Oh, yes.

. Q So you've known him through that relationship.

. A Yes.

. Q Is that the basic--

. A That's the basis of it.

. Q Did you tell Feulner that another contribution was going to I.C., Inc.?

. A I don't think so.

. Q Did you mention--

. A What other contribution?

. Q The Barness contribution.

. A Oh, I doubt it. No, I'm sure I didn't.

. Q Now speaking to Feulner, you mentioned Godson, you believe.

. A Probably.

. Q Did you mention International Business Communications?

. A What's that?

. Q Well, by your answer I take it you did not.

. A IBM?

. Q No, IBC--International Business Communications.

. A No, I've no idea who they are.

. Q Richard Miller?

. A No. I mean I've read about Richard Miller in the paper.

. Q Recently?

. A Yes, recently. I didn't have any idea who he was.

. Q So you did not mention him--

. A No.

. Q --to Faulner when you spoke with him?

. A No. I'm sure no.

. Q Now other than Donahue and Barness, who did you speak to about contributions after your meeting with McFarlane and North?

. A Nobody.

. Q Just those two?

. A Yes.

. Q You mentioned--

. A Other than Hirtle, obviously.

. Q Right. I thought you mentioned a Pittsburgh lawyer earlier.

. A No.

. Q Well, you mentioned someone in Pittsburgh you spoke to that did not want to give to I.C., Inc.

. A That was Jack Donahue.

. Q That was Donahue.

. A If the subject of I.C., Inc. came up. I mean I, you know--it may have.

. Q What did Donahue--what is Donahue's occupation?

. A He was the chairman of a company called Federated Investors which was bought by Aetna, and I think he still runs the whole Pittsburgh operation, because it's called--I don't know, maybe it's still called Federated.

. Q After your meeting with Mr. McFarlane and Colonel North, you then succeeded in causing a $100,000 grant to the Heritage Foundation and a $5,000 contribution from Mr. Barness to I.C., Inc., and you in some way were responsible for raising this with Mr. Hirtle, and he then contacted other people about contributions, and you believe that's--

. A Well, I did that--these two on my own, but, you know, the contribution from Jack, I think Jack Donahue had given to Heritage Foundation before and was very familiar with--with their works. What all the motivations were, you know, for him--you know, I don't know, but he was certainly willing to give them money, hopefully that they could help the situation [redacted]

. . Q Right. Other than those three--Hirtle, Donahue, and Barness--what other contributions were a result of your meeting?

. A Well, whatever--whatever monies John Hirtle raised were a result of that. Nothing else that I know of.

. Q All right. Why didn't you contribute money yourself?

. A Couldn't afford it. I was never asked.

. MR. FRYMAN: Off the record.

. [Recess.]

. MR. FRYMAN: Let's go back on the record.

. BY MR. FRYMAN:

. Q Mr. Slease, I have a few follow-up questions, and then I believe Mr. Oliver will have a few questions, and Mr. Buck may have a few questions. We'll try to finish--

. A No problem.

. Q --in a half-hour, if we can.

. In your meetings with Mr. Godson, Mr. McFarlane, and Colonel North, [redacted] [redacted] Was there any mention of a Father Dowling in any of these meetings?

. A No.

. Q Have you ever heard of Father Dowling, or Tom Dowling?

. A Yes.

.. Q Have you ever heard of him other than in press reports?

. A Yes.

. Q What were those occasions?

. A Actually, I have never seen any press reports. All I know is that John Hirtle knows him.

. Q What did he tell you about him?

. A That he knows him. I think he thought that I knew him, whoever he was or anything. I really--really don't. The only thing I got from John was that somehow he was active in Central America, very interested in it--put it that way, more interested in it, and that's--that's all I know.

. Q What was the occasion when John told you that he knew Dowling?

. A I think he wanted me to meet him. This was within the last--last year, last six months, last three months--something like that.

. Q Did John indicate, or did Mr. Hirtle indicate, that he had been raising any money for Father Dowling?

. A Not that I know of; no, he did not.

. Q I take it you have not met Father Dowling.

. A No, not to my knowledge.

. Q You mentioned earlier a dinner you attended when you sat next to William Casey. What was that dinner?

. A NSIC has programs that they run here in Washington, maybe one every--I don't know--three months or a couple of times a year, where they have speakers come in and talk about issues that mainly, I guess, related to foreign policy, and, you know, the speaker starts at, like, 4 o'clock or 4:30, and they go on for an hour, and there are questions and answers, and then they have a--in this case then, they had a small dinner that started at 6:00 or 6:30 and was over at 8:00, something like that, and he was there among others, and it just happened that I was sitting next to him. I can't recall whether there were place cards or not.

. Q So this was not a fund-raising dinner?

. A No, no. It was a lecture, questions and answers, and then--since they had everybody there, a small dinner to which they invited some people to stay, and I was in town that night, and so I came.

. Q Did Mr. Casey speak on that occasion?

. A No.

. Q Do you recall--

. A I don't recall who the speaker was, actually.

. Q How large a group was this?

. A Well, I--I don't know. It was probably a fairly decent crowd. They maybe had 80/120 there for the lecture, and then the dinner was, I think, maybe 20/24.

. Q What did you understand was the reason why you were invited to the dinner other than the fact that you were staying in town that night?

. A Oh, it was--well, they just would invite me as they

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would anybody else who is connected with giving them funds, because these are what the funds are used for, to put on seminars and talks like this, of this type. So I'm sure, along with all the other trustees on the foundation, they all got an invitation, and I was going to be in Washington and said I'd stay over, you know, for--for this and come to the dinner.

Q You've described various conversations and meetings with Mr. Godson with respect to raising funds for [redacted] and you've described funds that you were directly or indirectly responsible for raising as a result of your meetings with Godson and Mr. McFarlane and Colonel North. Are you aware of any other funds that Mr. Godson is directly or indirectly responsible for raising other than the ones you raised with regard to [redacted] Nicaragua?

A No.

Q Did he ever tell you about any other--

A No.

Q --fund-raising efforts?

A No, not that I recall.

MR. FRYMAN: I ask the reporter to mark as Slease Deposition Exhibit 2 for Identification a subpoena of the House committee.

[The following document was marked as Slease

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Deposition Exhibit 2 for Identification:]

********** COMMITTEE INSERT **********

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MR. FRYMAN: The subpoena is dated May 14, 1987, and it's directed to Mr. Slease.

BY MR. FRYMAN:

Q Is that a copy of the subpoena that was served on you, Mr. Slease?

A The cover page is the same.

Q And there's an attachment to the subpoena that calls for production of documents?

A It looks to be an exact copy.

Q Now have you caused a search to be made of your files for the materials called for in the attachments to the subpoena?

A Yes, I have.

Q Have you located any materials responsive to that subpoena?

A No. No; I have nothing.

Q Do you know Tom Cantrell, Mr. Slease?

A Yes.

Q Who is Tom Cantrell?

A Gosh, he's somebody I've known probably since 1974. I don't know what he's doing now. He was involved in political and charitable activities here on the Hill.

Q Was he in the Congressional Relations Department at the Department of Energy at some point?

A Could have been. I really don't recall. He could

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have been. He had a bunch of different things.

. Q What's the origin of your friendship with him?

. A He was working either for, I guess, the House Study Committee--House Republican Study Committee, the Committee for Survival of a Free Congress, maybe for Heritage Foundation when it started up. That's how I first met him, in conjunction with meeting all those people in those activities. Then he had his own public relations firm. Then he maybe was in the Government, with Energy, and I haven't seen or talked with him for a couple of years.

. Q Did you ever discuss Central America policy and Nicaragua--and/or Nicaragua with Mr. Cantrell?

. A I've got into discussion with politics, I'm sure.

. Q Did you ever have any discussions with Faith Whittlesey about the Mellon-Scaife organization funding a program to generate public opinion support for administration policies in Central America?

. A Well, let's see. She was running that stuff for the President on Central America when she was public liaison to the White House. I'm probably sure that it came up, but we never gave any money, to the best of my knowledge, for anything like that.

.. Q Did you tell her that you wanted Cantrell to be involved in such a program?

. A Oh, gosh. That rings some vague bell if we were going to do anything. That does ring a bell. Was he working for her? That rings a vague bell, but I really can't--I really can't recall whether--I don't think we did fund anything like that, to the best of my knowledge, but I can't--I can't be certain. I don't recall any specific grants to something like that. I do recall having--talking to her about Tom, but that was a long time ago.

. Q Would that be in 1983?

. A Well, if it's when she was in the White House, it probably would have been there, yes, but I don't--there wasn't any significance that I attached to it, certainly nothing in relation to any of this.

. Q Did you discuss with Whittlesey on any occasion a $1,000-a-plate fund-raiser to generate funds for a public relations campaign with respect to Central America?

. A God, I don't recall. I don't recall.

. MR. FRYMAN: Mr. Slease, I believe Mr. Oliver has some questions at this point.

MR. OLIVER: Yes. I'll try to keep it brief, just to clarify some things.

BY MR. OLIVER:

Q Mr. Slease, earlier you mentioned that Mr. Godson did something with the NSC and that's why you assumed that he would know Mr. McFarlane and so on. What was it that he did with the NSC?

A Exactly, I don't know.

Q Did he tell you that he had some association with them?

A Yes. I think I came to know that generically over my period of time of--of knowing Roy and that he did some work for the NSC, but specifically what he did, he never told me.

Q When you went to the meeting with McFarlane and North, did you and Mr. Godson go to the White House together?

A I think he was already there, so I think I walked in by myself. I'm not sure.

Q Does he, to your knowledge, have a White House pass or an ident--Government identification card of some kind that allows him access?

A Specifically, the only thing I've ever seen on him is the little chain that everybody gets when you work there, but he may have had a picture on his. I--that's really hard for me to say. He never showed me anything and said, ''This is my pass in and out of the White House,'' or whatever.

. Q Do you know whether or not he has any affiliation with any U.S. Government agency or entity?

. A Well, as I just stated, I'm under the impression that he has an affiliation with NSC.

. Q Does he have, to your knowledge, any affiliation with the CIA?

. A Not that I know of.

. Q Have you ever had any affiliation with the CIA?

. A No.

. Q You've never worked with the CIA?

. A No.

. Q Did you know that Mr. Godson was on the CIA transition team for the Reagan administration?

. A Oh, I may have known that.

. Q But you don't know whether he had any affiliation or relationship with them other than that?

. A I've never known that he's worked for the CIA, no.

. Q When you were asked by Mr. Godson if you would be willing to assi[redacted] did he mention any names in connection with [redacted]

. A Well, he mentioned [redacted]

[redacted]

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[redacted]

. Q Did he tell you he knew [redacted]?

. A No.

. Q Did he tell you that he had been helping [redacted] through raising funds for [redacted]

. A Not--no. The first time the subject ever came up about [redacted] was when he asked me, as I related earlier, if I'd be willing to help raise some funds, you know, to help them in some manner. He did tell me that he was already engaged in or not engaged in, you know, anything like that.

. Q Had Mr. Godson ever asked you to raise funds for any projects before?

. A No, not that I recall.

. Q Was it unusual for him to ask you to raise funds for [redacted]? Did you consider it an unusual request?

. A I don't think so. I mean it was--it could have come from, I don't know, I guess maybe any number of people. I didn't think it was unusual to come from--from Roy.

. Q You mentioned that you went to the offices of NSIC when you were in Washington, and you indicated that it was in your capacity as a board member of the foundation or foundations that were giving grants to NSIC.

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A Yes.

Q Which foundations were those?

A The Sara Scaife Foundation and the Carthage Foundation.

Q They were both giving grants to MSIC?

A I think money came out of both of them at one point or another, yes.

Q Do you know how much money those foundations gave to MSIC?

A They were varying amounts, whatever--you know, they followed the same procedures like the United Way or the opera, the museum, or something like that. They'd submit a proposal, and they had a number attached to it; and they varied.

Q Did you know that Herbert Barness contributed money to Faith Whittlesey's representation fund in Berne?

A I read that in the newspaper.

Q He never told you that?

A I don't think until after it came out in the newspaper. I don't know. He may have. I don't know.

Q When you went to Switzerland in December of 1985, what was the purpose of your trip?

A I was taking a week's vacation and had one, two, three, four, five other people that were going with me on various parts of the trip, and when we went to--to Berne, I took them to see Faith, you know, to meet her, because they had never met her before, and she had a dinner with, I don't know, some Americans and mainly Swiss.

. Q It was a vacation trip, the whole trip to Europe?

. A Yes.

. Q For all of the people that were traveling with you?

. A To the best of my knowledge.

. Q Where did you go besides Berne?

. A Berne, Zurich, Paris, and London.

. Q At the dinner which she held for you, there were a number of people, and I'd like to ask you to identify them, if you would.

. A If I can, sure.

. Q Dr. and Mrs. Stephan Schmidheiny.

. A The first time I ever met them was there. He was a--to the best of my knowledge, he was a very well-to-do, influential, young business person in Switzerland.

. Q Dr. and Mrs. George Segal.

. A I don't recall who they are.

. Q Dr. Alfred Wiederkehr.

. A Freddy Wiederkehr is a lawyer in Zurich.

. Q A friend of yours?

. A No. It was the first time I had ever met him. He was a friend of other people who were there. I think he was the lawyer of some of the younger people who were there.

Q Of people who were with you or people in--Swiss?

A Swiss--Swiss nationals.

Q Dr. and Mrs. Rudolf Spruengli.

A I think they own one of the larger chocolate companies there in Switzerland. The first time I had ever met them.

Q Mr. and Mrs. Donald Hess.

A I don't--I can't recall who he is.

Q Mr. and Mrs. Ernst Marquardt.

A I can't recall who they are.

Q Mrs. Beatrice Burchler-Keller.

A I can't recall who she is.

Q Mr. and Mrs. Beat Jordi.

A I can't recall who they are.

Don't tell them all I said this.

Q No, no.

Mr. and Mrs. William Jadden.

A I can't recall.

Q Mr. and Mrs. Christoph Malms.

A Yes, I know who they are.

Q Who are they?

A Chris and Sigrid Malms, they are friends of other friends of mine, Swiss nationals. Well, I don't know. They may be German. She's German. Her family owns the Adidas company.

Q Mr. and Mrs. Hans Bodmer.

A They were also younger friends of other friends of mine.

Q Do you know what they do--what Mr. Bodmer does?

A They're very well-to-do. I can't tell you exactly what Hans' business is.

Q Mr. and Mrs. Michael Pieper, P-I-E-P-E-R.

A They're younger friends of--of other friends of mine who were there.

Q Are they Americans or--

A No. These are--the Piepers are--no; they're Swiss.

Q Mr. Stefan Sten Olsson.

A He's another friend of a friend of mine who was there.

Q Who was your friend that he was a friend of?

A Scott Miller. All these guys had some connection, because they all went to Wharton Business School or something like that. They had never been to the embassy.

Q Mr. and Mrs. William Vandermark.

A They were friends of mine.

Q They were from Pennsylvania?

A Yes. Now they live in Maryland, but they were from Pittsburgh then.

Q Mr. and Mrs. Scott Miller.

A He's from Philadelphia.

. Q He was traveling with you?

. A I met him over there. All these younger Swiss are friends of Scott's, because they were all in school together, and Scott's in the investment business, and he knew them, and, you know, they had--their families knew each other.

. Q He's a friend of yours?

. A Yes.

. Q What does Mr. Miller do?

. A He's now in--well, he works for Goldman, Sachs now in New York in, I guess, investment banking.

. Q Has he ever been involved in any way, to your knowledge, in fund raising for Central America causes of any kind?

. A Well, he knew about this thing with [redacted] but I don't know that Scott ever went out and did any fund raising like John did. I don't know whether he went with John whenever John called on anybody or not. I can't--I don't really recall whether he did or not.

. Q And others who were there that night, Mr. and Mrs. Jim Shinn.

. A He was the DCM.

.. Q Mr. and Mrs. Greg Passic.

. A I don't--can't recall who they are.

. Q Miss Mattie Sharpless.

. A She was a black girl, to the best of my recollection, but I don't know who she was.

. Q Mr. and Mrs. Joe Hayes.

. A He was somebody that was attached to the embassy.

. Q Mr. Robert Reilly.

. A Bob Reilly I know.

. Q How do you know Mr. Reilly?

. A I just--I probably know him through Faith, met him down here.

. Q You said that Mr. Miller knew about [redacted] fund raising. How did he know?

. A He and John Hirtle were in partnership within the Goldman, Sachs partnership, and we were all friends, you know, for--well, for years, and quite good friends since the early '80's, and so when John had called me and said, ''Hey, you know, I really--is there anything I can do?'' and I said, ''Well, I've got this project for you,'' obviously, we talked to Scott about it, too.

. Q And what did Scott say?

. A It seemed like a good idea.

. Q Did he raise some money for the [redacted]

. A I don't--I don't recall that he did, actually. As I say, my recollection was John probably made more of the calls, such as they were, whatever they made. I don't know what number they made, or how many, or specific dollars. I

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don't--other than just being very interested as--you know, as a citizen.

Q Does he travel to Europe often--Mr. Miller?

A I don't know. I mean I know he's gone a couple of times.

Q To?

A Probably--well, I shouldn't assume anything, but I know that he's been a couple of times to see, you know, school friends in Switzerland and I think to see Stefan in London.

Q Do you know whether he ever attempted--discussed raising funds for Central America with any of his friends in Europe?

A Oh, gosh. I know we had--I shouldn't say we--I know that there were discussions with these people about--you know, about Central America, but I don't recall any--any specific thing on raising--raising funds for anything--any funds.

Q These discussions took place at that dinner that evening?

A Oh, at that dinner, no. I don't really recall anything specific on that. That dinner was--was a get-acquainted dinner for a lot of people that probably had a common interest in a myriad of things, so they would all get to know each other, so they could get to know our Ambassador

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there, and so that I could meet Scott's friends and whatever, but I don't think--the purpose of the dinner was not to hit up anybody for funds or for anything like that; it was for everybody to get to know each other and have a good time.

. Q You stayed at the residence when you were there during that visit, did you not?

. A Yes, I did.

. Q Did you ever discuss fund raising for Central America with Ambassador Whittlesey?

. A Well, I don't know. Gee, in a generic sense, we talked a lot about Central America, Europe, and whatever. As far as getting up any specific program to raise funds for Central America with her, I don't really recall that, no.

. Q Did you tell Mrs. Whittlesey that you were raising money or had raised money for [redacted]?

. A I really can't recall whether I did or not. I would sort of doubt it, but I may have--but I may have.

. Q Did you tell her that Mr. Barness had contributed to this cause?

. A I doubt that very much.

. Q Did you know that Mr. Barness was a friend of Ambassador Whittlesey?

. A Oh, sure. Oh, sure, yes. I don't recall that would have told her that.

Q Is Mr. Godson a friend of Ambassador Whittlesey?

A Oh, he knows her, yes.

Q And, to your knowledge, did Scott Miller accompany Roy Godson to Europe on several occasions in 1985 and 1986?

A Probably one. I think I'm familiar with one trip.

Q What was the purpose?

A That, to my knowledge, was to meet with Freddie and some of the younger people who we had all met there together at that dinner and talk to them about the spread of Soviet disinformation in Europe.

Q He went all the way to Europe with Roy Godson to talk about the spread of disinformation in Europe by the Soviets?

A To the best of my knowledge.

Q Is he involved in the National Strategy Information Center?

A Who, Scott?

Q Yes.

A No.

Q How did he come to know about Mr. Godson?

A Through me.

Q When did you introduce Mr. Godson to Mr. Miller?

A Well, that was probably in maybe late '84, '85, somewhere in there. I don't recall that Roy was at that dinner with Faith. I'm not sure. [illegible] it probably was more in '85.

. Q I want to ask you about a couple of organizations and some names, and would you just tell me if you know them?

. A Yes. You've just got to remember that in this kind of stuff, all these guys are very interested in foreign policy and foreign affairs, and Scott's relationship with the Swiss, they're all--they all come over here to have their babies so they'll be U.S. citizens and things like that. So just for the longest time their association and our association, the whole, you know, part of the interest of the group is to talk about things that are happening in Europe, and they're all scared that Europe is going to go down the chute, you know, any minute, and that was really the genesis of these--you know, of these discussions.

. Q You described all these people as very wealthy. Is that true?

. A That's the way they were all described to me, as very well-to-do.

. Q And Mr. Miller introduced Mr. Godson to these people?

. A To some of them over there, yes. Scott introduced them to us, and then I think Scott and Roy went over--

. [Pause while House Floor bells ring.]

. --went over once maybe twice, I'm not sure, but for the same purpose, as I said, for this Soviet disinformation thing.

Q Do you know Penn Kemble?

A No.

Q Do you know Elliott Abrams?

A I maybe have met him once.

Q Do you know Rob Owen?

A No, I don't think I do.

Q Do you know Bruce Cameron?

A Bruce Campbell?

Q Cameron.

A No.

Q Do you know Walt Raymond?

A I think I've met him once.

Q Where did you meet him?

A Probably at some function down here in Washington. I mean I wouldn't recognize him if I saw him. I think I shook his hand, and that's all.

Q What does he do?

A To the best of my knowledge, he used to work in, or works in--works at the NSC.

Q Have you ever heard of the Latin American Strategic Studies Institute?

A I don't think so.

Q It's in San Francisco.

A No.

Q The acronym is LASSI.

A No.

Q You have never heard of it?

A No.

Q The Institute for Religion and Democracy?

A Yes, that rings a bell.

Q What kind of a bell does it ring?

A Well, we gave a grant to some group. It may have been that on something to do--it may have been that--to the best of my recollection, but you can't hold me to this, it's something to do with nuclear arms or something like that. I mean, you know, you had all these priests running around wanting to disarm, and it was a respectable group that said there's no reason to disarm and that kind of stuff.

Q Prodemca?

A To the best of my knowledge, isn't that the organization that was funded by the House and the Senate to support U.S. policy abroad?

Q Prodemca. It's the acronym for something called the Friends of the Democratic Center in Central America.

A Oh, well, then no. I don't really know what that is. I was thinking of something else.

Q Were you familiar with Mr. Godson's activities in relation to International Youth Year and a conference in

Jamaica in 1985?

A Yes. He told me that they were having a conference down there, yes.

Q Were you involved in it in any way?

A No.

Q Did you raise any funds, or do you know of any funds being contributed to that?

A No, no.

MR. OLIVER: I have no further questions.

MR. BUCK: I don't have any questions right now.

MR. FRYMAN: No questions.

THE WITNESS: Just on the record, I want to be sure that you will send me, or that I will be able to go over, my deposition, as is the usual procedure.

MR. FRYMAN: Yes. I will make available to you--well, let me first ask, have you received a copy of the House resolution and the House rules?

THE WITNESS: No.

MR. FRYMAN: Let me make--I'll make a copy of those available to you. They provide that you will have an opportunity to review the deposition. You will not have an opportunity to have your own copy of it, but you can review it and correct it.

THE WITNESS: Okay.

MR. FRYMAN: So when we get the transcript, I will notify you.

THE WITNESS: You mean I'll have to make a special trip down here then?

MR. FRYMAN: Or the next time you're down here, we can schedule a time for you to review it.

Off the record.

[Whereupon, at 12:42 p.m., the taking of the deposition was concluded.]

RPTS MCGINN

DCMN QUINTERO

DEPOSITION OF CLIFTON SMITH

Tuesday, September 8, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran
Washington, D.C.

4153

The committee met, pursuant to call, at 9:15 a.m., in room B-352, Rayburn House Office Building, with Thomas Fryman, (Staff Counsel of House Select Committee) presiding.

Present: Kenneth Buck, Assistant Minority Counsel, on behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran; James Kaplan, Associate Counsel, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; R. Spencer Oliver, Chief Counsel, House Foreign Affairs Committee; and Alexi Morrison, Counsel, on behalf of the Witness.

Whereupon,

FRED CLIFTON SMITH, JR.

Partially Declassified/Released on 1-6-88
under provisions of E.O. 12356
by N. Menan, National Security Council

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having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MR. FRYMAN: Before beginning the questioning of Mr. Smith, I would ask that the record reflect that counsel for Mr. Smith has been provided with a copy of the immunity order of the United States District Court, Fort Drum, dated August 18, 1987, as well as a copy of the resolution establishing the House Committee and the rules governing this investigation.

EXAMINATION

BY MR. FRYMAN:

Q Mr. Smith, would you state your full name for the record?

A It is Fred Clifton Smith, Jr.

Q Do you reside in the Washington, D.C. area?

A Yes, I do.

Q Where were you born?

A I was born in Anderson, South Carolina.

Q What was your date of birth?

A July 8, 1961.

Q What college did you attend?

A George Washington. Actually I attended--I graduated from George Washington. I attended also Winthrop College and graduated from George Washington.

Q When did you obtain a degree from George Washington?

. A June of '84.

. Q What field?

. A Political science.

. Q Have you attended any graduate school?

. A No, I have not.

. Q Have you served in the military?

. A No, I have not.

. Q What is your social security number?

. A [redacted]

. Q You have been employed from time to time by Carl Channel or by organizations with which Mr. Channel is associated; have you not?

. A That is true.

. Q When did you begin such employment?

. A I first went to work for Mr. Channel on September 12, 1983, and stayed with him--let me see--until about April of '84. At such time I took some time off to finish up school, and took a summer off, and I went back in his employ in September of '84, and was under his employ until May of this year.

. Q Did you apply for a job with Mr. Channel in 1983?

. A Yes. Yes. That's when I originally went to work for him.

. Q How did you learn that there was an opening with his organization.

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. A It was in a social context. I was talking to somebody and they said, well, I have a friend who is leaving his employ and perhaps you should go by and talk to them about taking his place. And that's what I did, and it took about a month. About a month later I was hired.

. Q So you went by in late summer of 1983?

. A Yes, that is correct.

. Q And that was the first time you had met Mr. Channel?

. A That is correct.

. Q Whose place did you take?

. A I think it was Lou Bonsignour.

. Q How do you spell the last name?

. A I knew you would ask. B-O-N-S-I-G-N-O-U-R.

. Q What were the responsibilities of the position you applied for and accepted?

. A Well, when I originally went to work for him I was working for the Channell Corporation, which was Mr. Channell's fund-raising consulting firm. and at the time what he did was take on various clients to raise funds for them, and I came on sort of as an account executive to work with whichever clients I was assigned to, to do telephone and some in-person solicitation.

. Q When you say clients, you mean contributors?

. A No. Organizations, ~~for~~ for example, the American Space Frontier Committee, Young Americans for Freedom. Let me see. Who else was there?

There was a group that we started to do some work with that didn't go through with, called, Alert American, and that's what I mean by clients.

. Q So by clients, you mean companies that were retaining the Channel Corporation and obtaining services for the Channel Corporation?

. A Right.

. Q Now, was Mr. Channell, in 1983, conducting any fund raising on behalf of his own organization at the time you commenced your employment?

. A No, sir. It was totally doing work for other groups. He was not his own PACs or foundations or anything.

. Q How were you paid? How was your compensation fixed? Were you on a standard salary?

Was your compensation related to the fees paid by the clients or was there some other basis?

. A At that point I was on a straight salary.

. Q Do you recall what the salary was?

. A Yes. It was $14,000.

. Q $14,000 a year?

. A Uh-huh.

. Q As an example of a client, you indicated the Young Americans for Freedom was one of the clients, I believe. Is that one of the clients you worked for?

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. A Yes, it is.

. Q Just taking that as an example, would you describe the nature of your activities on behalf of that client, just using that as an example?

. A Okay.

It's my understanding that Young Americans for Freedom, as you probably know, they have been around a good while. They have also had financial problems.

So they contracted with Mr. Channell to provide capital fund raising services to try and get them some funds raised. At the [redacted] time the project that we had related to the movie that came to television called the ''Day After,'' which was about a simulated nuclear holocaust.

It was the opinion of the Young Americans for Freedom that this did not reflect an accurate view towards arms or arms control, and they wanted--Young Americans for Freedom wanted to do something to present the other side of what they felt was not being presented in that movie. So they were going to organize some demonstrations, do some newspaper ads, this type of stuff, and I was raising funds from their contributors to fund these types of activities that related to this film.

. Q Is it fair to say that your work primarily for the Channell Corporation, in this period beginning in September of 1983, was basically fund-raising work?

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. A Uh-huh.

. Q Had you had any prior experience in that type of work before joining Mr. Channell in September of 1983?

. A A little bit. In college I worked a little bit in the development office and I helped with the annual fund campaign at GW.

But it was not--it was minimal. It wasn't a great deal. It was mainly just sort of student government work.

. Q Did you travel much in this job?

. A Not at that point, but down the road, beginning a year later, up until I left Mr. Channell's employ this year, I traveled a reasonable amount, yes.

. Q But in the initial six- to eight-month period from--

. A No, sir. I don't think I traveled any.

. Q Now, from September of 1983 until April of 1984, you were enrolled at George Washington; is that correct?

. A No. It's not correct.

I took the semester, the fall semester of 1983 off from school to work full-time for Mr. Channell. I returned for my final semester in the Spring of '84. I went on part-time working for Mr. Channell and went back to school full-time.

. Q When did the spring semester begin?

. A January of '84.

. Q So you were full-time from September of 1983, until some point in January of 1984, and then you went on part-time basis?

. A Employment wise, yes, sir.

. Q Employment wise with Mr. Channell? Did you salary remain the same?

. A It did not remain the same. I think I went on commission at that point, but I don't remember because I was only working two days a week.

So it would not have remained the same. I think I went on commission, and it was based on, I think I was paid 15 percent of what I raised. It's so long ago, I can't remember exactly which one it was.

. Q And you ceased work entirely in April of 1984?

. A That is correct.

. Q And then you completed your studies at George Washington later in the spring or summer of 1984?

. A Yes, sir.

. Q And you went back to work for Channell in September of 1984?

. A Uh-huh.

. Q What were your duties when you went back in September of 1984?

. A Well, I had talked to him toward the end of the summer and he'd wanted me to come back and work for him again. This time he was just forming and getting going with the American Conservative Trust, which was his political action committee, or the first of his political action committees. And he asked me if I would come and be political director for it and work to get going for the upcoming '84 fall elections which we were active in. And he wanted me to do that. And I gave it some thought and decided to go back, and I went back primarily in that capacity in September of '84.

Q Now, what did your work then involve in the fall of 1984?

A Well, the American Conservative Trust raised funds from private citizens to support candidates for Congress, the Senate and we did several special projects. For example, following the election we worked on a project with--it was an Inauguration Day series of newspaper ads congratulating the President on his victory, and we got a group of citizens who wanted to help fund the ads and they wrote a message, their own message or they could sign their name to a standard message and that was one of the things we did, in addition to just supporting candidates.

Q In the fall of 1984, was the American Conservative Trust the only fund-raising organization that Mr. Channell had established?

A At that time.

Q I'm not sure what the status of the National Endowment was at that point legally. I don't know whether it had been incorporated yet or not, but it was to my knowledge not active yet, if it was.

. Q The American Conservative Trust is also known by its initials ACT, is it not?

. A Right.

. Q So ACT was the only organization that was active in the fall of 1984; is that correct?

. A I believe that--certainly I don't think anything was going on with the Channell Corporation.

. Q How many persons were employed in connection with the operations of ACT other than Mr. Channell and yourself?

. A Oh, there probably were about three others.

. Q Who were they?

. A Roger Wilkins, who was an administrative assistant; there would have been Jean Channing, who was Mr. Channell's secretary, C-H-A-N-N-I-N-G.

. Q That's G-E-N-E?

. A I think it's J-E-A-N. She's no longer his secretary. She left quite some time ago.

I think that's about it. Yes, that is it.

. Q To the best of your recollection, how much money did ACT raise in 1984?

. A I have no idea.

. Q Can you say if it was more than $500,000?

. A Yes. It was not.

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. Q It was not?

Can you say if it was more than $100,000?

. A I think we gave away, in terms of contributions, about $20,000 that fall, which would have been 1984, because that's the only part of the year we were in operation. I imagine we probably--just a wild guess--would be about $40,000 or $50,000.

Let me see. I would say probably it was about $75,000.

. Q In total that was raised?

. A In total.

. Q I am just asking for an estimate. I'm not holding you to an exact amount.

. A Okay.

. Q Now, the money that was raised was used, you mentioned, for contributions. Was this contributions to particular political campaigns?

. A Yes, sir.

. Q And were these congressional races or Senate races?

. A Let's see.

. Q Or what else?

. A We gave a contribution to Senator Helms, I believe to Senator Jepsen, who, as you know, lost in '84, I believe Jack Kemp. That's all I remember. There were others, but I don't remember them.

. Q And you also mentioned an independent expenditure.

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. A Yes.

. Q What do you mean by that?

. A We did an independent expenditure in the State of West Virginia, which is where Mr. Channell is from.

. Q What is an independent expenditure?

. A Well, an independent expenditure is when a political action committee undertakes a project by which it will spend a certain amount of money on helping to promote a candidate or elect a candidate. However, there are certain rules that apply.

For example, a candidate and the political action committee cannot have any contact and you do an independent expenditure as opposed to just giving the candidate a contribution because the spending, the amount you can spend on the campaign or helping the candidate is unlimited when you do an independent expenditure.

It was Mr. Channell's belief that you can be of more help to a candidate if you are able to spend more money on them, because it takes big bucks these days to get elected. So that was the first independent expenditure the American Conservative Trust did.

. Q And was that the only one in 1984?

. A Yes, it was.

. Q And what was the campaign again?

. A Arch Moore for governor of West Virginia.

. Q This was in support of Arch Moore?

. A Yes, it was.

. Q Do you recall approximately how much was expended on this activity?

. A Yes. It took the form, the independent expenditure took the form of newspaper ads, and we placed about 10 or 12 newspaper ads all over the state in the month ~~proceeding~~ preceding the election in support of the candidate, and I believe we spent about $20,000, $15,000 to $20,000, something like that. I have the figures somewhere on that I think, but I don't have them in my head.

. Q Were you involved in preparing the copy for the ads?

. A We would have meetings--I was in on the--yes. We would meet with an advertising person, and Spitz Channell, and I, we would sit down and bat around, you know, sort of West Virginia you really have to--it's an interesting state politically and it took a great deal of effort actually to get them together.

. Q So you did participate in meetings about the content of the ad and the strategy for the effort?

. A Yes, but more so just as sitting in. I just started out in doing this type of work, and it was sort of more of an educational process for me just to sit there and listen. But I, you know, I can't have my mouth cemented shut the whole fall. I'm sure I said something.

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. Q Did Mr. Channel l take the lead in the strategic decisions made?

. A Yes.

. Q And did he also take the lead in selecting the newspapers?

. A Yes, because being from that state he knew exactly where to place things. He as very familiar politically with the state.

. Q Other than the independent expenditure in the Moore campaign and the contributions that you described to the Senate races and to the Kemp congressional race, what other expenditures did ACT make in the late fall of 1984 or 1984?

. A The only other one that comes to mind is a contribution to George Hansen who had, according to who you talk to, either ~~[illegible]~~ won or lost that election by one-tenth of one percent, I think was what it was said in the Post for many weeks on end.

. Q First of all, for the record, who is George Hansen?

. A George Hansen was a Congressman and he had been up for reelection in 1984.

. Q Where was he from?

. A Idaho. It was either Idaho or Iowa.

As much as has been in the newspaper recently I should know, but it's either Idaho or Iowa.

It's Idaho, I think, isn't it?

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But as I said, he had either won or lost this election by a minuscule amount of votes and he was conducting a recount and needed money to do a recount I guess for whatever he wanted to use it for.

So we raised funds to help him with his recount and gave him the maximum amount allowed by law, which is a check for $5000.

. Q Were there any other activities that you recall in 1984?

. A No. I think that covers it.

. Q Now, in 1985, you mentioned there were some advertisements purchased in connection with the inauguration.

. A In '84. No, in '85, right, in January of '85.

. Q Would you describe those advertisements and how the money was raised for those?

. A It was full page newspaper ads, two full pages in the Washington Post, one full page in the Washington Times, that appeared on Inauguration Day, January 20, 1985.

As I said, it was the opportunity for private citizens who we contacted to contribute and on this full page write a message and/or then sign their name and have that reproduced in the newspaper wishing the President well or telling him to stand firm on this issue or that issue. Therefore, also a general philosophical statement.

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In the Post one page was the individuals saying congratulations, and the other page was a general philosophical statement written by Mr. Channell, talking about freedom and issues that he felt were important to focus on on that day.

In the Washington Times it was just the philosophical statement. It was a repeat of the same thing that was in the Washington Post.

. Q Was that sponsored by ACT?

. A Yes, it was.

. Q Were you involved in raising funds for this series of ads?

. A Yes, I was.

. Q How did you go about that?

. A Well, we had--for example, in the Washington Post, we had to pay to reserve the two pages which at that time I believe they were $25,000 a page in the Washington Post. So we had a $50,000 advertising bill.

And we solicited contributions to participate in the project, and to sign your name to it. Some people gave more than others. I think the average contribution was about $500.

. Q How did you go about soliciting contributions?

. A From the house list?

Is that what you mean? Who to call?

. Q Just describe to me how you determined the individuals that you would contact and describe how the contact occurred and what was the nature of the statements that you made to the potential contributors.

. A Well, by this point I had talked to many of the in-house contributors that had contact with Mr. Channell many times, having been there for awhile.

. Q What do you mean by ''in-house contributors''?

. A These were contributor names that Mr. Channell had on various lists that he had obtained during his fund-raising career is my impression. And we would talk to these people.

You, of course, call the people you know first, because you can raise funds from folks you know better than you can from those who you don't know. And tell them about what we were doing, and ask them if they would like to write their own message, or be included in a standard message for this project, and then we would send them an envelope thing and they could send back their signature.

It had to be in really heavy black ink so it would reproduce in the newspaper. So we had to work with that. It was just a lot of logistics, a lot of little things that had to be done for that.

. Q And did Mr. Channell assign to you certain individuals to call?

. A At that point, not really. It was just more or less, you know, go and raise money for it because he had few people he had worked with himself and other than those people. I would do everything else.

I mean like we would make sure we weren't calling the same people. We were coordinated to that point.

. Q So he notified you that there were certain individuals that he was dealing with and you could call anybody else you wanted to?

. A Yes.

. Q Was there a large number that he reserved for himself?

. A No.

. Q Do you recall the ones he reserved for himself?

. A Yes.

. Q Which contributors were those?

. A Usually Ellen Garwood, Barbara Newington, John Ramsey, Barbara Christian. That is all I remember off the top of my head.

There were several others, but those were major contributors of his, and he would talk to those people, and he knew them well, and he talked to them for some time.

. Q Now, these advertisements ran on Inauguration Day in January of 1985; is that correct?

. A Uh-huh.

. Q Did ACT have any other products underway at the time of the inauguration in 1985?

. A No, not to my recollection. Just that one project.

. Q What did you do when you came to the office the week of inauguration?

. A Well, we began work with the National Endowment shortly after that, but there was an interim period there that I honestly don't remember what I did. It was always something to do when your are working.

. Q But there was an interim period where there was no major project underway?

. A Right. I don't think there was; no.

. Q Did you become involved in the Nicaraguan Refugee Fund dinner?

. A Yes. That's what started.

. Q Did that occur at approximately this time, or shortly after inauguration time in 1985?

. A That occurred, that wh~~i~~ole process started about, I think, mid to late February of '85 and it began by Mr. Channell being invited to a meeting at the White House of individuals who were helping to organize that dinner and that's how I first heard about it, with the Nicaraguan Refugee dinner. And he wanted to become involved in that, and wanted to raise money for it, and decided to raise funds for the dinner through the National Endowment for the Preservation of Liberty and making a grant to the Nicaraguan

Refugee fund. And that is sort of how that evolved.

. Q Now, was that your first significant project for Mr. Channell after the inauguration advertisements?

. A Yes, yes, it was.

. Q Over what period of time did you work on that project? You say it started in February of 1985?

. A Yes. I would say mid February until the event of the dinner which would have been on April 15. I remember it was April 15.

. Q Now, during this period of time were you working on other projects as well, or was this your only project during this period of time?

. A This was it.

. Q At this time who were the employees of Mr. Channell's organization?

. A Myself, of course, Mr. Channell, of course, his secretary, who at that point I think was Angela Davis. Dan Conrad joined the staff at that point about February of 1985. He came on board to help with that effort, as you know.

I think that was it. And Roger, Roger Wilkins.

. Q Did you understand that Mr. Conrad had come on as an employee or as a consultant? Or do you know, one way or the other?

. A I didn't know one way or the other. I mean I know that he is a consultant for various philanthropic organizations by what he's done for the past 15 years. So I guess I assumed that he was a consultant, but I just didn't pay much attention to it.

He was there working along beside me day-by-day and I didn't think in my own mind whether he was an employee or consultant.

. Q What did you do yourself in this February-April period in connection with this dinner?

. A I contacted many different supporters, asked them for their help with the dinner, asked them for their contributions; traveled some, took several trips with Mr. Channell to visit with contributors and talk to them about the event, why it was being held, asked them for their help; and that pretty much was what I did for those two months.

. Q So it was basically fund raising?

. A Uh-huh.

. Q Were you involved in the logistical planning for the dinner?

. A No. That was done by the Nicaraguan Refugee Fund people, and it was also done somewhat by Spitz as time grew, as we got closer to the dinner. They were very unorganized, and they were having great problems, I remember, in getting the date set.

I think we had two or three dates that we went through and cancelled and postponed, and finally there was a date set, and as you know, the President attended the dinner and it was very important to get the date set so he could commit or not commit to be there.

And it was very--had great logistical problems. As we got closer to the dinner Spitz and Dan helped plan that more and more but I did not.

. Q Did you attend the dinner?

. A Yes.

. Q Were you aware of a luncheon meeting that Mr. Channel had with John Roberts in early 1985?

. A I vaguely heard him say he had met with John Roberts. I believe he and Dan did, or maybe it was just Spitz--I don't remember. And I knew that John Roberts was an attorney in the White House, and that was the extent, at that time, of what I knew about that meeting.

. Q Did you learn that from Mr. Channel?

. A Uh-huh.

. Q Did Mr. Channel indicate that Mr. Roberts had referred him to Richard Miller.

. A Yes. Yes, he did.

. Q When was the first time you met Richard Miller?

. A That's the first time I have been asked that in this lovely little process we have gone through. I honestly do not remember. But I would assume that it was probably at his office, and I had probably just gone over there with Spitz one day after we had hired--after the National Endowment had hired Richard Miller's PR firm as PR counsel, and it was somewhere like that, just a casual meeting.

. Q So would you estimate that it was in the spring or summer of 1985?

. A Oh, yes. It would have been the spring of 1985.

. Q Spring of '85?

. A Let me see, we hired them in March or April, so it would have been late spring or early summer of '85.

. Q What was the name of his firm?

. A International Business Communications, known as IBC.

. Q What did you understand they had been hired to do?

. A At that time, it was my understanding that they were hired to provide general public relations support for Mr. Channel's various organizations.

. Q What does that mean?

. A About the only thing or the only thing I knew at that point was help with the press and possibly--you asked me what I knew at that time, and I am trying to put it in that context. Just really, it wasn't very specific.

It was just a public relations firm, and maybe helped with press matters, and that was all that I was aware of until as we approached the summer, as you know, we started having our briefings. I know that Mr. Miller was involved in helping

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to get those scheduled.

It later became apparent to me down the road that they were more of a resource entity for contacts within the White House than just an PR firm.

Does that answer your question?

. Q Well, I'll come back to the subject.

When did you understand for the first time that Mr. Channell intended for his organization to be involved in issues involving Nicaragua and Central America beyond the work for the Refugee Fund dinner?

. A Okay.

Well, we participated in the dinner, and following that there was a vote coming up in Congress on Freedom Fighter aid, and so we, by way of, I believe it was the American Conservative Trust, raised funds and produced some television messages in April and May of '85 to support the Freedom fighter aid vote in Congress.

This was an issue that Mr. Channell was very concerned about and wanted his organization to focus on. It was just a continuance really of the Refugee Fund in a way as far as issues wise.

. Q Do you know the reason that he began to focus on this issue?

. A No, other than that he was very concerned about it.

. Q He expressed that concern to you?

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. A Oh, yes. I mean you know when you work in that kind of environment you live and eat and breath the issues, part of the natural agenda each day, and talk about what your organization can do to, perhaps, have an influence or impact on those issues. This was one that he was very concerned about.

. Q Did he indicate that he had concluded that this was an issue that he believed his in-house contributors were likely to make contributions for?

. A It is my belief on that that he didn't really know what in-house contributors would be giving to, but that this is something that came along, that it was, as evidenced by the Refugee Fund support--that it was apparent through example that this was something that was very popular among the contributors.

But there was no grand design from when he started the American Conservative Trust or NEPL to go focus on freedom fighter aid or Nicaragua, to my belief. It just, it came about as a result of--it was popular as time went on and we just stuck with it.

. Q So in connection with the work on the Refugee Fund dinner, you observed that Nicaragua was an issue that appeared to appeal to conservative contributors; is that correct?

. A Yes.

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. Q And it is your understanding that growing out of that experience Mr. Channell concluded that he would continue to work with this issue in 1985?

. A Yes.

. Q ~~And~~ At the first even that was the focus of efforts by his organization was a vote in the Congress later in the spring of 1985; is that correct?

. A Yes, yes.

. Q And you were asked to work on fund raising in connection with that vote?

. A Yes. Well, to work on fund raising in connection with the television ads we produced regarding that vote.

. Q All right.

Now, was this being done at this point by the National Endowment for the Preservation of Liberty, which I understand is also known by its initials NEPL, or was this being done by ACT?

. A This was being done--these particular sets of ads or this particular set of ads were being done by the American Conservative Trust, or I'll tell you, this was either the American Conservative Trust or the American Conservative Trust state election fund. One of the two entities did the ads.

. Q What is your recollection of the time of the vote?

. A The '85 vote, I believe that humanitarian aid was

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voted finally and no military aid.

. Q What is your recollection of the dates of the vote?

. A May.

. Q Was the first vote in late April of 1985?

. A Yes. I think there was more than one vote as there is usually every year on this issue.

. Q And the first vote was in April?

. A Yes, I think.

. Q April or May?

. A Uh-huh.

. Q And you were raising funds for television ads that ran in connection with that first vote or series of votes?

. A Yes.

. Q Is that correct?

. A Yes. To the best of my recollection, we started to try to have an impact on the whole voting process.

. Q What was the television advertisement or advertisements?

. A I believe there were a total of three of them, and they encouraged Congress to vote for the aid.

. Q Were their titles for the ads?

. A Yes, there were. There were always titles for all of the ads that we produced, and there were probably 30 or 40, and I cannot remember them.

. Q You don't recall the titles of these three?

. A No. I am sorry, I don't. I would know them if I saw them. I don't remember.

. Q Who prepared the advertisements?

. A This first set, I believe, was done by the Robert Goodman Agency of Maryland.

. Q Were you involved in the preparation in any way?

. A No, sir.

. Q Were you involved in any meetings discussing the content of the ads?

. A Not at that point; no.

. Q Do your recall how many media markets the first series of ads appeared in?

. A Possibly just Washington, D.C. It may have been Washington D.C. and one or two others, but I think it was just Washington, D.C., greater Washington.

. Q Did you participate in any discussions about selection of the media markets?

. A No, sir.

. Q Was your activity in connection with this first series of advertisements only to attempt to raise funds?

. A Yes, sir.

. Q And did you do this by telephone?

. A Yes, sir.

. Q Was it all done by telephone?

. A That was a very short window of fund raising. We did it from the end of the dinner until the vote, which would only have been what, six weeks? And I believe that it was all on the telephone.

I am trying to remember if I traveled any to meet with any people on that one. I don't think I did. I think it was all by telephone, and, of course, mail.

. Q To the best of your recollection, approximately how much money did you raised for this series of ads?

. A I honestly don't have an idea on that.

. Q Was it over $100,000?

. A No. It wouldn't have been. It wouldn't have taken that just to do Washington and one or two others.

It probably was 25 to 50, but it's not a fact.

. Q Were you given any instructions by Mr. Channell as to the type of appeal you should make to the contributors in these telephone calls?

. A Well, the purpose was to raise the funds to help in the vote effort and the appeal was, of course, America needed to support the freedom fighter movement, and that was the general appeal and we were trying to do these ads to have an influence with the upcoming vote.

. Q So to summarize your work so far in 1985, from the beginning of the year, up until the inauguration, you were working on raising funds for the series of Inauguration Day advertisements; is that correct?

. A Yes.

. Q From the inauguration until mid April of 1985, you were working raising funds for the Refugee Fund dinner?

. A Yes.

. Q And from mid April, 1985, until late May, approximately, of 1985, you were raising funds for the first series of televisions ads relating to the congressional vote on Nicaragua aid; is that correct?

. A Yes, that is correct.

. Q Now, if you would then describe for me your activities for Mr. Channell's organization beginning in late May or early June of 1985 throughout the end of ~~May~~ 1985?

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RPTS CANTOR
DCMN MILTON
[10:15]

A Okay. It was Mr. Channell's desire to give contributors an opportunity to come to Washington and learn more about the Nicaraguan issue, and to that end we started a series of briefings with Colonel North, in which he would give a briefing on the Reagan administration policy towards Central America and towards the freedom fighters, and we would invite groups of contributors to Washington to attend the briefing as held in the Old Executive Office Building, followed ~~which~~ with dinner at the Hay-Adams Hotel, and it's my belief that the contact and the briefings were arranged as a result of Mr. Miller and his firm and their contact with Colonel North. That is how that developed. We would invite contributors to dinner. They would come up and attend the briefing.

For the very first briefing we had, which was June 27, 1985, each contributor was asked to contribute a grant of $5,000, and I believe we raised about $80,000 from that first briefing, $70- to $80-, around that neighborhood, and it was a very successful first meeting, and we had about 20 very active, very interested contributors here for it, and Colonel North gave a very fine briefing, as he always did,

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in a room in the Old Executive Office Building that had audio-visual set-ups, and had slide shows and things, so we did that.

In June--let me see. I don't believe we had another major briefing until October, and then again another one in November, and the process was always the same. It would be to call the contributors and ask them to come and attend the briefing. And what else?

Q Well, from late May or early June, 1985, until the end of 1985, was basically all of your time devoted to work in connection with these briefings that you have described?

A Yes, it was. It was fully devoted to that.

Q And that involved calling people and inviting them to briefings and attempting to obtain contributions from them?

A Yes.

Q In connection with the invitation to the briefing, is that correct?

A Let me think here. I have a procedural question I need to ask her.

[Counsel and witness confer.]

[Recess.]

MR. FRYMAN: I believe there is a pending question, if you would read back the pending question.

[The reporter read the record as requested.]

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MR. KAPLAN: Just to interject for the record, during this morning's questioning, I undertook to deliver to counsel for the deponent a copy of the Senate immunity order, and this deposition is taken pursuant to that order which is in form and substance virtually identical to the House immunity order.

MR. FRYMAN: Just to clarify it, the deposition is taken pursuant to both of the immunity orders.

Now, if you would read back the preceding question.

[The reporter read the record as requested.]

BY MR. FRYMAN:

Q Back on the record. Do you have something further to say, Mr. Smith?

A During 1985, I was involved in my work for Mr. Channell in all Nicaraguan-related issues, working on the freedom fighter issue, and we in the beginning, when we had our briefings, it was my impression giving aid to--the money we were raising was going to Mr. Calero, to his efforts. Would you like to ask me something else?

Q In 1985, all of your work for Mr. Channell was related to the Nicaragua issue, is that correct?

A That's correct.

Q And did all of your work involve raising funds?

A Yes, sir.

Q And you were raising funds in part to pay for

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television advertisements, is that correct?

. A Yes, sir, that would have been in the April-May slot.

. Q Part of your work in 1985?

. A That's right.

. Q And another part of your work in 1985 was raising funds for what you understood to be contributions to Mr. Calero or Adolfo Calero?

. A Right.

. Q Is that correct?

. A Right, the money that was as a result of the contributions given by the individuals who came to the briefings is what my impression was.

. Q You understood that was being given to Mr. Calero?

. A Yes.

. Q Or to his organization?

. A Yes.

. Q Apart from the television advertisements in 1985, were you aware of any other activities that Mr. Channell was involved in in 1985 which were designed to affect the outcome of the vote in the Congress on aid to the Nicaraguan resistance?

. A No.

. Q You are not aware of any lobbying activities in 1985?

. A No.

. Q You mentioned several briefings in 1985, and you have mentioned that Colonel North spoke at these briefings. Are you aware of private meetings that Colonel North had in 1985 with contributors?

. A Yes.

. Q Which meetings are you specifically aware of?

. A Well, this type of briefings and private meetings as it has been called started in June of '85 and extended until about last summer, and I can't remember exactly who went in when.

. Q By last summer, are you talking about the summer of 1986?

. A '86, yes. Actually, it went on past that, I would say to November of '86, but in '85, in the period you are talking about, I believe that Ellen Garwood had a meeting, and then there would be various private, not totally just one-on-one, but there would be several people going in. For example, Mrs. Lynch, Mrs. Beck, and I believe that they were involved in meetings in which it was collective. It was several people, not just one-on-one. Barbara Newington also met with Colonel North but I don't remember exactly when.

. Q By the second half of 1985, did you have particular contributors assigned to you as your contributors?

. A Yes, you could phrase it that way. The

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contributors who gave to the organizations run by Mr. Channell that I primarily worked with would call and talk to, would visit, would keep in contact with what the activities and projects of the organizations were, and it became that way, assigned, but as I said, there was no grand design to it. It just sort of came out that way.

. Q By the end of 1985, how large a group of contributors did you have primary responsibility for?

. A I would say probably about 12 to 15.

. Q Did any of these have private meetings with Colonel North or meetings in a very small group with Colonel North in 1985?

. A Yes.

. Q Which ones?

. A Mrs. Lynch, Mrs. Beck. Let me see. I believe Mr. and Mrs. Pentacost, and that is all that comes to mind at the moment.

. Q Did you attend these meetings?

. A No, sir. I would help get them over to the White House, and get them to the right room. Sometimes I would go up with them to Colonel North's office. Sometimes his secretary, Fawn, would meet me down in the lobby and would just make sure that the person got where they were supposed to be going.

. Q But you did not attend yourself?

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A Not any of these in this time period, no, sir.

Q What was the reason you did not?

A I was not invited.

Q Were you told not to attend?

A I was not specifically told not to attend, but the procedure was that the contributors would meet with Colonel North and from time to time Spitz would be there too, and I just wasn't in on the agenda that I would be there.

Q Are you aware of any occasions in 1985 where Colonel North discussed military needs of the Nicaraguan resistance with contributors?

A Since I did not sit in on those meetings, I know that he was concerned about military aid, but I guess I know that from talking to Mr. Channell. I did not have any direct conversations with him about military aid.

Q That is not my question. It is broader than that, Mr. Smith.

Do you have any information that in meetings with contributors during 1985 Colonel North discussed the need for such military aid with the contributors?

A I know that he discussed military aid with some contributors, and I know that from being told that, and I don't know when that took place.

Q Who told you?

A I guess Spitz did, Mr. Channell did.

. Q And who were the contributors?

. A I believe Barbara Christian, because she was in on a meeting with several people in which they were discussing, I believe, missiles, and the reason I remember is, there was some joke about one of the contributors wanting to have their name put on the missile if they paid for it or something, I don't know.

. Q Did Mr. Channell tell you this?

. A I have heard it somewhere during this year of these investigations, and I can't remember whether it was--I think probably it was him. This has been, as you know, a very long year, and I can't remember exactly who told me, but I don't have a reason to think it's not true. I mean, I think that is what it was.

. Q Who participated in this meeting other than Barbara Christian?

. A I believe Mary Adamkiewicz.

. Q Anyone else?

. A Perhaps Mr. John Ramsey. However, I'm not sure on that.

. Q And Mr. Channell reported to you about this meeting, is that correct?

. MS. MORRISON: We are running into a problem of possible privilege here/ is the problem, Tom. He has identified for you that he heard about it this year. If we try to go any further, we are going to run into some problems.

BY MR. FRYMAN:

Q Mr. Smith, I'm not inquiring about any conversations that you had with your attorneys, but you have stated that Mr. Channell informed you about a meeting where Colonel North, as I understand your testimony, discussed missiles with Mrs. Christian, Dr. Adamkiewicz, and possibly Mr. Ramsey; is that correct?

MS. MORRISON: I think what he is saying to you, Tom, is he said at the time of that testimony, he was not sure. He assumed it was Mr. Channell, and now he has thought further and has decided that it may involve privilege.

THE WITNESS: It may not have been him, where I heard that.

BY MR. FRYMAN:

Q It may have involved conversations with your counsel?

A Yes.

Q Other than this possible meeting, are you aware of any other meetings held during 1985 where Colonel North discussed the need for military aid?

A There was an incident when Colonel North was flown to Texas at the expense of the organization, and while he was in Texas, he met with Ellen Garwood, Bunker Hunt, and Ralph Nixon. I was not in attendance at any of those meetings, in the room with him, but it's my belief that they discussed the entire Nicaraguan situation, including their military plight, so to speak, and their need for military aid in a variety of ways.

. Q Who told you about that?

. A Well, I was on the trip, and this comes from my memory, just from being on the trip and hearing various scattered comments after the trip was over and during the trip, and since then again this year.

. Q Are these comments by Channell?

. A Here and there, yes.

. Q Did Channell tell you at the time of that trip that North reviewed with Bunker Hunt a list of military equipment needed by the Nicaraguan resistance?

. A Well, let me answer it this way. I know that myself. I do have independent knowledge of that. When Colonel North arrived in Dallas he got off the plane and he had a long legal pad, yellow sheet, and he had written things that they needed. He didn't say they were military things, military items, but he had gotten off the plane and commented to, I guess, Spitz, we were all getting in the cars and such, or going into the building, that he had come up with a list of needs the freedom fighters have, and I doubt

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seriously, I mean it was very likely it was Miller.

. Q Did you review the list?

. A No, sir.

. Q Did he discuss any items on the list in your presence?

. A No, sir.

. Q Did he see the list?

. A No, sir.

. Q But he said he had a list that he was going to review with Mr. Hunt?

. A It was the list that he had brought to Dallas with him. I think it was primarily for Mr. Hunt's use, but he could have showed it to other people while he was there.

. Q Do you know the total dollar amount of the items on the list?

. A At one point I heard that, and it was millions of dollars, and that is all I remember--it was millions.

. Q Was it $5 million?

. A I honestly don't remember. If you asked me $10 million, I couldn't be any more specific.

. Q It was millions of dollars?

. A Yes. I'm not trying to be vague. I just don't remember.

. Q What did Mr. Channell tell you about Colonel North's meeting with Mr. Hunt in the course of this trip?

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A We all went downtown, to downtown Dallas, and Colonel North and Mr. Channell and Mr. Conrad got out of the car and went into the building where Mr. Hunt's office is. I stayed in the car and went back to go meet--I think I went to go and pick up Ellen Garwood, who was staying at a hotel attending a convention in Dallas at that time, and bring her back to the airport where we were to get her so she could meet with Colonel North when he was through meeting with Mr. Hunt, because he only had the evening and we had to get everybody in in the evening, and, let's see, your question was, what do I know about the meeting?

Q Yes, or what did Mr. Channell tell you about the meeting during this trip?

A That Colonel North talked to me. Hunt about the needs of the freedom fighters. I believe they went to his office first. They then went to a club where they had dinner in a private room, I believe, and they had a very thorough discussion on what was going on in Nicaragua and the freedom fighters, and the needs--and it was as put that way, and I assume that to be across-the-board needs, but certainly including military--that they had in order to maintain their defensive effort.

Q Why did you assume it included military equipment?

A Because there had been discussions about military equipment within our organization, military needs. To tell

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you the truth, maybe not so much at that point, but after that, and also Colonel North was the kind of man who was a military man who had a very extensive background in, you know, artillery, and knew what it took in order to defend a group of men fighting in a war.

. Q What are the discussions that you recall within your organization about military needs?

. A With contributors or with my fellow staff member or what?

. Q My question follows up on your remark a moment ago that you recalled discussions within your organization about military needs, and I'm trying to determine what you were referring to.

. A Well, during the course of our funding raising, we would have discussions from time to time with contributors about the fact that the freedom fighters are not going to be able to maintain their effort just on humanitarian aid, and perhaps we should try and help them with military needs as well.

. Q Who participated in these discussions?

. A Myself, Mr. Channell, everybody, Mr. Conrad.

. Q Mr. Conrad?

. A And this is very ambiguous for me to talk about, because I was not really sure at the time where these funds were going and if they were indeed purchasing military aid.

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As I told you, I thought first we were giving the help to Adolfo Calero, and the down the road it became apparent through an evolutionary process that it seemed that the funds we were raising were going to Colonel North, to him, but I didn't know how that was being done other than the fact that the funds we were raising whenever we would have an event or something would be distributed through IBC, and we would cut a check to the International Business Communications. Of course, I later found out that it seemed that IBC was the conduit, at least from what I have read or have been allowed to read.

. Q Going back to the discussions, you recall discussions with Mr. Channell and Mr. Conrad about raising funds for military equipment for the resistance, is that correct?

. A Yes, sir.

. Q And can you place those discussions at any point in time?

. A One incident that comes to mind, just a little clearer because it also meshes together, is when we had the briefing in the fall of 1985, Mr. Channell asked me to solicit one of our contributors for missiles, and I did so, and the contributor gave a contribution, and this was at one of the meetings at which we had a briefing with Colonel North and then the meeting back at the hotel and the solicitation took place back at the hotel.

. Q Which contributor was this?

. A Mrs. Beck of Dallas.

. Q This is Ms. Patricia Beck? And was there a specific price for the missiles?

. A Yes, it was $22,000 per missile, and she gave a check for $44,000.

. Q So she gave a check for two missiles?

. A Yes, sir.

. Q And that was in the fall of 1985?

. A Yes, sir.

. Q Do you recall any discussions prior to that incident with anyone within the organization about seeking contributions for military equipment?

. A Well, the Bunker Hunt incident I believe was before that, and in all likelihood, Spitz mentioned something in passing to me about it after it took place, but I don't remember the specifics of it.

. Q Other than the Bunker Hunt incident that you believe preceded the Beck solicitation, do you recall any other discussions?

. A There was one other incident. The reason I asked her is because we have not been able to pin down when it was. We had a terrible time figuring out when this was, but it was when Spitz and I met with Mary Adamkiewicz, and asked her to support or to make a contribution for I believe it was two missiles. It was a different kind of missile or something, that they were $8,000 apiece, if I remember correctly, and this either took place in the spring of '85 or the spring of '86, and so if indeed it was spring of '85 or early summer of '85, it would have been before the Bunker Hunt incident, which is what I was trying to clarify.

. Q Any other incident before the Beck solicitation?

. A Not other than what I have said.

. Q Following the Beck solicitation in the fall of 1985, what other occasions do you recall where funds were sought from contributors to acquire military equipment for the Nicaraguan resistance?

. A I would talk from time to time with the Pentacosts about military aid. The Pentacosts live in south Texas, about 150 miles from the Mexican border, and are very sensitive to what goes on politically in that part of the world, and they are, as all people who supported this effort were, very concerned in making sure the freedom fighters in their efforts stayed alive, so for that reason, geographically they were always sort of focusing on it, so we would sort of discuss military aid and I would solicit them from time to time, and I imagine I did that in the fall of '85 as well, but I can't remember exactly when it would have been.

. Q Looking ahead from the fall of 1985 and into 1986, what other occasions do you recall where there was a solicitation for military aid?

. A There was one in January of '86 in which Spitz and I met with Inman Brandon, one of our supporters, and he was solicited for missiles, and gave a contribution of $100,000 for that purpose.

. Q And is this the same type of missile that costs $22,000 each?

. A To tell you the truth, I don't know. I was at a luncheon meeting in which Spitz did the talking in this particular incident. It seems to me it may have been heat-seeking missiles.

. Q Do you recall the cost for these missiles?

. A I believe the original amount we asked for was $200,000. I think that was based on a number of missiles, but he gave $100,000, so the figure he gave doesn't go with what might have been asked for, but, no, I don't recall particular cost per missile in this solicitation.

. Q And this was in January of 1986?

. A Yes, sir.

. Q Was there a discussion with Mr. Brandon about his contribution being tax deductible?

. A I don't believe there was a specific discussion. Inman had been a supporter of the organizations for a long time, and knew which organizations were and were not tax deductible.

. Q Let's pass that for the moment, Mr. Smith. I want to come back later to a letter from Mr. Brandon about that contribution, so we will discuss that further in connection with that letter.

. What other solicitations for military equipment do you recall?

. A Give me a moment to think. I'm moving forward in time in doing this. As far as specific solicitations for specific pieces of equipment, as we have discussed, and I'm saying that as opposed to just general talking about military aid, for example, at the Pentacosts, that is all that I remember.

. Q Do you know William O'Boyle?

. A I know of him, yes, sir. He was a contributor who worked with Ms. McLaughlin in our office.

. Q Did you speak with Mr. O'Boyle about making a contribution for any type of military equipment?

. A The only time I ever spoke with Mr. O'Boyle was at a dinner at the Hay-Adams Hotel in which he and just a few other contributors were there. It was a smaller meeting and had not been quite as successful. We just weren't able to get many people here to Washington for it, and during the course of dinner conversation, I could have talked to him about military aid, but I did not solicit him, and I know, as a matter of fact, Ms. McLaughlin and Spitz Channell were sitting at opposite tables, and in the course of that dinner, Spitz asked--I think I was sitting with him, and asked that I move over to another table and let he and Jane sit at the table with Mr. O'Boyle and talk to him, and this is because it was Jane McLaughlin's contributor, you know, as we were talking about how we did that, and that is what I remember about that.

. Q Do you have any recollection of telling Mr. Channell that you had been talking with Mr. O'Boyle at the reception, and he was interested in making a contribution for military equipment?

. A I'm just trying to be as specific as I can. I don't recall that, but it would not surprise me if, as I said during the course of the evening we had talked about, well, something in the context, ''these guys have to have bullets to keep alive,'' or something like that.

. Q Were you aware that Colonel North met with Mrs. Garwood in the spring of 1986 together with Mr. Channell, and they discussed specific military needs of the Nicaraguan resistance?

. A I'm aware of a meeting, which I attended part of, that took place between Colonel North, Mr. Channell, myself, at the Hay-Adams Hotel in, I believe it was in the spring of

'85.

. Q The spring of '86?

. A '86, yes. I was there for the beginning of it, and then I left, and that was a prearranged thing that we did, that I would be there for the beginning of the meeting and then leave.

. Q This was a meeting with Mrs. Garwood?

. A Yes, and it was my impression that Colonel North was going to be talking to her about, again, the military situation in Nicaragua, and what was going on down there, because Mrs. Garwood was very concerned about that.

. Q Were you aware that he had another list at the time of that meeting?

. A At that time when we had the meeting, I did not know about any list that Colonel North had with him or was bringing with him to use as a solicitation device or anything.

. Q Have you subsequently learned about such a list from a source other than your attorney?

. A Yes. During the course, since then I have had some brief conversations with Mr. Channell in which he was referring to this card that Colonel North had with him at that meeting. He referred to it as like an index card or something like that.

. Q When were those discussions with Mr. Channell?

. A It would have been since January of this year.

. Q Did you ever hear any discussion between Mr. Channell and Colonel North about solicitation of contributions for military equipment?

. A To the best of my recollection, I did not or was not a part of or sit in on a conversation with Colonel North and Mr. Channell, Spitz Channell, in which they engaged in back-and-forth exchange about soliciting for military equipment.

. Q Did you ever hear Colonel North make a direct presentation to a potential contributor about the need for specific items of military equipment?

. A In his briefings he would discuss such things as the Soviet influx of military aid that was coming in to Central America, and he would always say, to my recollection, if somebody asked a question about making a contribution or solicitation or whatever, he would say, ''You can't talk to me about money. You talk to this man over here about money,'' and point to Spitz, and so he would not make the solicitation himself.

. Q You recall him making that remark?

. A About not talking about money?

. Q Yes.

. A Yes, sir, I do.

. Q On more than one occasion?

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. A Yes, sir, I do. I would say probably at least twice and maybe three times.

. Q And was this during briefings that he held at the White House complex?

. A It was either at the White House or at the hotel, and I have a mental picture of him saying this, and I'm trying to remember where we were when he said it, and as I said, it was more than once, but it would always come as a result of a contributor asking a question about how do we help these people with military aid, or something, or can we make a contribution to help with military aid, and he would respond by saying what I said, and I'm just not sure where he said it.

. Q Do you recall hearing Colonel North speak to any potential contributor about the need for specific items of military equipment, such as missiles or grenades or ammunition?

. A In one instance when Colonel North was giving a private briefing to Mr. and Mrs. Driscoll, and I was sitting in on this meeting, and I believe Spitz Channell was there as well--or was it somebody else? It was with a contributor, and we were talking about a former contribution that a contributor had made, and it was a contribution the contributor had made for surveillance-type airplanes, and it was, I believe, my statement about Mr. Channell to Colonel

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North, the contributor helped with surveillance planes at an earlier date and Colonel North said ''thank you very much,'' and it was an acknowledgement I guess of him saying, you know, yes, I thank you, and so that is the only thing I can remember that I can come down on with your question.

. Q Do you recall the contributor?

. A I'm trying to--I first thought this was the Driscolls and then probably was Mrs. King.

. Q When you say surveillance-type planes, can you be more specific as to the type of plane?

. A Military aircraft, small Maul aircraft that were useful because they can take off and land on a short strip. They were quiet. That is the plane that I'm talking about.

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Q These planes were also used to transport supplies; were they not?

A Yes, sir.

Q Both military and humanitarian supplies?

A I do not know what they transported.

Q You understood they were transport planes?

A Yes. Well, yes, sir.

Q That was one of the functions of the planes?

A Yes, sir.

Q What contributions are you aware of that were made for the purpose of acquiring military supplies?

A Including what I have already told you?

For example, Mrs. Beck?

Q Let's include the ones we have already discussed. If you could identify the contributor and the approximate~~ly~~ amount, to the best of your recollection.

A Okay.

Mrs. Beck, 44,000; Inman, 100,000, Inman Brandon; the Pentacosts, but I can't identify the specific amounts.

Would you be kind enough to define what you mean by military equipment?

Q Is there some particular ambiguity that you would like me to clear up?

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Is there some particular item that you question whether is included in military equipment or not?

MS. MORRISON: I think he wants to be totally responsive to your question, Tom, and he is trying to figure out how wide a circle to draw, what to include and what not to include.

MR. FRYMAN: All right.

BY MR. FRYMAN:

Q I am including in the phrase any type of equipment that is used for military activity, and I would include in that transport planes, and I would include in that communications equipment; if that clarification helps you.

A Okay.

In addition to what I said, the transport planes, Mrs. King gave a contribution, I believe, of $150,000 for the small spotter,type planes--

Q This ~~the~~ is the maul aircraft?

A Maul, yes.

I remember discussing with somebody along the way, now that you brought it up, the communications, and they were radios that, you know, you would use one out in the field and one in the base camp, and there was a name for it and I can't remember what it was.

I don't remember who I discussed that with, though. That was a very short-lived little project, and I don't remember who I discussed that with.

I believe I discussed the planes also with the Pentacosts. and I think that was it.

. Q So you have specific knowledge of contributions from Mrs. Beck, Mr. Brandon, Mr. And Mrs. Pentacost, and Mrs. King?

. A Yes.

. Q And I take it from your answers you have general knowledge of such contributions indirectly, or indirect knowledge from information that had been given to you by Mr. Channell and others, by such individuals as Mr. Hunt and Mrs. Garwood?

. A That is right.

Very well said.

. Q Did you refer to Colonel North as ''green''?

. A Yes.

. Q Who told you to do that?

. A Mr. Channell.

. Q What reason did he give you?

. A He was telling me one day in passing that that's what Richard Miller and Frank Gomez called him was ''green.'' I can remember trying to figure out why he was called ''green,'' and thinking or having somebody tell me perhaps it was because he was a Marine and Marines wear green uniforms.

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. Q Did he give any reason why you should call him by the name ''green'' instead of by his real name?

. A It is my recollection that it is because we were dealing with a person in a sensitive position, in a sensitive White House position, dealing with National Security and, perhaps, it would be better to be careful. For example, on the telephone in discussing anything about him to refer to him by this name.

. Q Did you understand this was a code word or--

. A I have given a great deal of thought to that since this whole ''green'' business came up, and I, to tell you the truth, didn't think of it as a code name. I thought of it more as a nickname, and when you enter into the word code, you sort of make it look more clandestine or something.

But I thought, I really thought since Richard Miller and Frank Gomez knew him so well, they had nicknamed him that and told Spitz to call him ''green.'' I never gave it much thought, and since then it has been the fascination of the world and never meant anything to me.

. Q What did you call Colonel North when you spoke to him directly?

. A Colonel North.

. Q You didn't call him by his first name?

. A No, sir. I have never called him by his first name.

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I might say ''Ollie'' sitting here with you because everybody calls him Ollie these days, but I never called him Ollie.

Q And you never called him ''green''?

A No. There were contributors from time to time that would say hello Mr. Green, or Colonel Green, and would sort of joke with him like that, but I never did that.

Q Did you know about an account in the Channell structure called the ''toys account''?

A Yes. I did become aware of such an account as time wore on.

Q When did you become aware of that?

A I think probably--this is another one of those areas that I am very ambiguous on myself. While I was under Mr. Channell's employ I did not go around referring to a ''toys account,'' as you might think from things that have come out in the media, that we went in every day at the office at 9 o'clock and sat down and talked about the ''toys account'' for eight hours. That is not how it was with me, and that is not how it was with Mr. Channell.

Somehow or another that name came into being referring to one of the bank accounts. I never understood anything about it until all this came up this year in which it was talked about how it came into being when the Christmas solicitation for Mr. Calero came about for toys, and also there were times, isolated instances, when I would talk to Mr. McMahon, who was the accountant, and he would talk about the ''toys account,'' and say it in jest or in fun. And I never paid any attention to it.

I understand that it is supposed to have been a military account and that ''toys'' was its nickname, but that was something that, and still to this day, remains a mystery to me why it was called that, or how that came about. I still don't understand it.

. Q You did not have an understanding the account was used for that purpose, during 1986, or you did not have the understanding during 1986, that the ''toys account'' was the account where military contributions were placed?

. A That is right. Because we were--we had, as you know, a good number of bank accounts and we would cut checks out of those accounts to go over to IBC from all of those accounts.

. Q Were you aware that there was--there were changes ordered in the NEPL accounting records in late 1986 to remove the name ''toys'' from the internal records?

. MS. MORRISON: I would note, Tom, that your questions assumes the fact that certainly isn't before us through this witness.

. MR. FRYMAN: I will rephrase the question, if you want to object to the form of it.

MS. MORRISON: Let us confer for a second.

(Discussion off the record.)

MS. MORRISON: I assume you are talking about conversations that did not involve counsel?

MR. FRYMAN: I am, yes.

BY MR. FRYMAN:

Q Would you like me to rephrase the question, Mr. Smith?

A If you wouldn't mind, I would appreciate it.

Q Are you aware of any changes that were made in the internal financial records of the Channell organization during 1986, with respect to the name of the ''toys account''?

MS. MORRISON: Other than conversations involving counsel?

BY MR. FRYMAN:

Q Other than conversations with your attorney?

A No.

Q Mr. Smith, we have been talking about your activities in part in 1986, with respect to fund raising, and particularly fund raising with respect to military equipment for the Nicaraguan Resistance during 1986, as well as 1985. What other activities were you engaged in in 1986?

MS. MORRISON: Are you talking about through the organization we have already identified?

MR. FRYMAN: Yes, yes, yes.

THE WITNESS: Well, let's see. In 1986 we did an independent expenditure in the State of Maryland, and by that I mean the Anti-terrorism American Committee, which was one of Mr. Channel's political action committees.

Of course, we had the elections last fall, and the American Conservative Trust participated in those elections.

BY MR. FRYMAN:

Q And were you raising funds for campaigns in connection with votes in Congress on aid for Nicaraguan Resistance during 1986?

A For ACT, for the American Conservative Trust, we sponsored a variety of independent expenditures, and they were, I believe, all for Senators and they were just for Senators who Spitz felt that needed the help.

I don't think he based that particularly on anything to do with Nicaragua. I think probably they all voted for Nicaraguan aid, but they were just folks that needed help.

Q Are you familiar with a product called the ''Central American Freedom Program''?

A Yes.

Q What was that?

A Well, the Central American Freedom Program--I have to digress here for a moment--was the collective name of our television advertising campaign sponsored by the National

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Endowment in the spring of '86.

. Q And were you involved in raising funds for that?

. A Yes.

. Q And was there also a lobbying component of that program that according to the memorandum describing the program was to be conducted by another organization called ''Sentinel''?

. A Yes, I believe that's how--as you are talking about his memorandum, I don't remember what you're talking about.

. Q Other than raising funds for the program what was your involvement in the Central American Freedom Program in 1986?

. A Well, the kick-off event for the Central American Freedom Program was a meeting we held at the White House on January 30, I believe it was, in which we met with President Reagan, and about 30 of our top contributors came to town, and met ~~with~~ in the Roosevelt Room of the White House. We had some words about Linda Chavez.

The President spoke, and Spitz also spoke at the end of the meeting, and it was to raise funds for the advertising campaign sponsored by NEPL to educate the American public on the issue of Nicaragua and on why it was important that the Freedom Fighters be supported.

. Q Right.

And you were involved in--

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. A In raising funds for that, in inviting people to the meeting.

. Q Right.

But apart from the fund-raising side of it, were you involved in the planning of the program, the strategic decisions, the selection of media markets in 1986?

. A No, sir.

. Q Were you involved in any of the lobbying activities in 1986?

. A I raised several contributions for Sentinel in the summer, right as the last vote came down to the wire, in which--the vote in which the military aid was, I believe, approved. And that was--since Sentinel could lobby for issues or legislation, I think that was the only time, as you define it like that, that I did anything with Sentinel in that context.

. Q Again, apart from the fund raising aspect, though, were you involved in any of the implementation side of the lobbying activities?

For example, were you involved in targeting of Congressmen? Were you involved in any strategy meetings where it was discussed how lobbying efforts would be directed toward particular Congressmen?

. A No, not to my recollection. I was not involved in that area of planning. I was involved in raising the funds, and that was just about it throughout the time of my employment with Mr. Channel.

. Q Now, you mentioned you were involved in an independent expenditure in Maryland. What race was that?

. A That was the Senatorial race in which Linda Chavez was running for the Republican nomination, and Michael Barnes and Barbara Mikulski were opposing each other to be elected on the Democratic ticket side.

. Q Are you familiar with transfers of funds between the different campaign organizations?

Let me ask you then a specific question.

. A Thank you.

. Q Were you aware of a series of transfers of funds from NEPL to Sentinel in March of 1986?

. A No.

. Q You weren't aware that those had occurred?

. A No, sir. NEPL to Sentinel?

. Q From NEPL to Sentinel?

. A No.

. MR. FRYMAN: I Ask the reporter to mark as Smith deposition Exhibit 1 for identification, a group of documents which have been selected from the materials produced by counsel for the Channel organization.

The first page of the exhibit contains the date of the document, where the date can be determined from the document, as well as an indication of the document identification number that was placed on each page by counsel from the Channel organization.

[The Exhibit No. FCS-1 was marked for identification.]

[Brief recess.]

. BY MR. FRYMAN:

. Q Mr. Smith, the report has marked Smith deposition Exhibit 1 for identification, and I have a number of questions for you about the pages in this exhibit. Before we are starting through this exhibit, however, I believe you indicated at the beginning that your employment by Mr. Channel ceased in May of 1987; is that correct.

. A The end of May.

. Q And have you continued to be employed in the Washington, D.C. area since then?

. A Yes. Well, I am employed, and I'm also--

. Q I believe I have a pending question.

. A Yes, sir. I am employed by a non-profit foundation.

. Q Now, turning to Exhibit 1, Mr. Smith, and directing your attention to the second and third pages in that exhibit, which are to mailgrams, and the identification numbers are 30573, and 30574, one is from you to Major Patton, and the second is from you to Mr. Caldwell.

There's a reference in those mailgrams toward the end to a special project which comes on line in eight days. What does that refer to?

A I would imagine--I tell you. This probably is a fund-raising device, and I am not aware, nor do I remember, what the specific special project was.

For that reason, you would think that I would because it is so clearly defined here. I would think, perhaps, this is a fund-raising device, or it could mean--what's the date of this mailgram?

Q It appears at the top to be October 21, 1985.

A In all honesty, I just don't know.

Q Does that relate in any way to contributions for military equipment?

A It could and could not.

Q Did you draft his mailgram?

A No, sir.

Q Who did?

A It appears to me to be Mr. Channell's writing, Spitz' writing.

A Turning to the next document, which is a letter from Mr. Brandon, dated February 12, 1986, to your attention and Mr. Channell's attention; is that the transmittal letter that accompanied the $100,000 contribution for missiles that you described earlier?

A Yes, sir, it is.

Q Now, you will note the first paragraph where he says that ''It is particularly gratifying to respond to the request for tax-free contributions, as I am herewith.'' Do you know the basis for his understanding that this was a tax-free contribution?

. A That would, to me, be the fact that he knew that the National Endowment was a non-profit foundation and, as such, contributions to it were tax deductible. I had worked with Inman for some time and ever since the inception of the National Endowment, he would have known from telling him in the past that it was a tax deductible.

He sort of misphrases, actually tax free is not right. But I, of course, know what you mean, what he is saying.

It would just be--you probably know a contribution to the American Red Cross is tax deductible, and he would know it is to NEPL.

. Q The discussions that you and Mr. Channell had with Mr. Brandon indicated to him that a contribution to NEPL would be a tax-deductible contribution; is that correct?

. MS. MORRISON: That's not what he's saying.

Tom, he's saying that conversation may well not have but that prior affiliation with the organization.

. MR. FRYMAN: Well, let me rephrase the question.

. BY MR. FRYMAN:

. Q Do you recall a discussion that you had with Mr. Brandon where you indicated that his contribution for the

$100,000 reflected in this letter, would be a tax deductible contribution?

A No, sir. I do not.

If that had happened, it would have taken place at the meeting we had in January when this grant was solicited, and I remember what I have told you about that conversation, and the missiles being solicited, but I, in all honesty, don't remember going into detail to whether it's tax deductible or not at that meeting, because that was not the purpose of the meeting. The purpose of the meeting was to talk about the grant.

Q But at the time of that meeting there had been a history of discussions with Mr. Brandon where you understand that he understood that contributions to NEPL were tax deductible; is that correct?

A Yes, from prior conversations.

Q From prior conversations?

A Yes, sir.

Q Do you recall specifically this letter dated February 12, from Mr. Brandon?

A Yes, sir.

Q And when you received it, and you read the first paragraph where he talked about a tax-free contribution, did you understand that to mean a tax-deductible contribution?

A Yes, sir.

. Q And did you, or to your knowledge, Mr. Channell, take any steps to indicate to him that this contribution would not be tax deductible?

. A No, sir.

. Q Turning to the next letter from you to Mrs. McFaddin, dated March 13, which is a document with the identification number 33501, by your counsel--

. A To Mrs. McFaddin; okay.

I have got that.

. Q Do you recall sending this letter?

. A No, I don't recall specifically sending it but that's my signature so I am sure I sent it.

. Q Do you know if this was a solicitation for a contribution to NEPL?

. A Well, it's obviously a solicitation because I asked her for money.

. Q Yes, but was it for NEPL as opposed to ACT or Sentinel?

. A Yes, sir, it was for NEPL. I refer to it being tax deductible.

. Q And this is for funds for the purchase of air time in connection with the vote in Congress next Wednesday, March 19; is that correct.

. A Yes. This would have been our--this would have been part of the Sentinel American Freedom program, is what I was asking her for.

. Q Did you draft this letter or did Mr. Channell.

. A Probably I did.

. Q Was it your understanding of the television advertisements being sponsored by NEPL was to attempt to effect a constitutional vote scheduled for March 19?

. A No. It was my understanding that NEPL was doing things--was doing the ads for the Central American Freedom program to discuss the Nicaraguan Freedom fighter issue and why it was important for the American people to support that.

What seems to be the case here is we had gotten up so close to the vote--the date of the letter is the 13--that inevitably every one was very, very--as far as our office goes was very focused in on this upcoming vote, and I put this in here in this context, is what I gather.

. Q Well, there was no intention of running the ads after the vote, was there?

. A I wouldn't think so, no.

. Q Why not?

. A Because then the issue would be over for the moment. Even if it had been voted down it would be another year before it came up again if it was the final vote.

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. Q So is it correct that your understanding of the purpose of the ads was to attempt to affect the vote?

. MS. MORRISON: He answered that question already.

. MR. FRYMAN: In light of his last answer, Mrs. Morrison, I thought it appropriate to pose the question to him again.

. MS. MORRISON: You are asking him when he wants to change his testimony in response to that question?

. BY MR. FRYMAN:

. Q In light of your last answer, do you wish to change your earlier answer, Mr. Smith?

. A No.

. Q Turning to the next document, which is a mailgram dated April 17, 1986, from you to Jerry Finger, in that mailgram, Mr. Smith, there is a reference toward the middle to a working dinner. ''After the dinner, a special project to specifically support the President's goals in regard to Nicaragua will be discussed and undertaken by the group.''

. What does that phrase refer to, and what is the special project?

. A This would have been April 17, 4-17; is that what that is?

. Q That is what I understand it is, yes.

. A And we know the year?

. Q It says 1986.

. A Here we go, okay. Thank you. This would have been the Central American Freedom Program, and this would have been the television, I suppose. The various components of that program, and the special project would have been that, and it would have been telling the group about that, those who didn't yet know about it.

. Q Does the phrase, ''special project,'' in that mailgram refer to military aid or solicitation for military aid?

. A No, sir, Mr. Fryman. I understand why you would think that, but that is just Mr. Channell's writing. That is how he wrote things. It didn't necessarily mean anything sometimes, and sometimes it did. To me, when you ask me, my honest answer to you is it would mean the Central American Freedom Program, but it might have meant just a nice way to write--to send out a nice direct mail tactic in the form of a mailgram.

. Q Turning to the next document, which is document 33520, and is a handwritten letter signed, ''Cliff'' to Mary Jo, dated april 22, 1986; is that your handwriting, Mr. Smith?

. A Yes, it is.

. Q And to whom is that letter addressed?

. A It is Mary Jo Pentacost.

. Q Would you read that for the record?

. MS. MORRISON: The document is here. It is part of the record.

. MR. FRYMAN: The handwriting is not completely clear, and I just think it would be useful to read the handwriting into the record.

. THE WITNESS: ''Mary Jo: I want you here to stand hand in hand and heart in heart with me to have your private moment alone suspended forever in time with the President. You will never forget it, Mary Jo. Cliff''

. BY MR. FRYMAN:

. Q What were you attempting to convey by this letter, Mr. Smith?

. A I am a little bit confused myself, because of the date of the letter. In all likelihood, what this was, Mr. Fryman, was during the course of my employ with Mr. Channell, we engaged the service of Mr. David Fischer, who from time to time helped to arrange meetings at the White House, and I imagine that this was an effort to try and have Mr. and Mrs. Pentacost, Mary Jo and possibly their sister, Mrs. McKinley, to come up and have a meeting with the President.

. They are some of the most literally, out of everyone I have ever met in my life, some of the most committed people to what they believe in, and they were not able to come, and the reason I am confused about this is because it seems to me the date should have been in January, because that is when the meeting, the group meeting with the President was.

Since it is in April, I would imagine this was an effort to have them come up alone and meet with the President, and have Mr. Fisher arrange this. Does that help any?

Q Is this your phrasing in this letter?

A Yes, it is.

Q Mrs. Pentacost, by this point, had made a contribution for military supplies; is that correct?

A Yes, sir, in all likelihood.

Q What had the total amount of her contributions been by this point?

A I would imagine about $35,000, somewhere around there, 35 to 40, I would say.

Q At this point, did you expect that you might be able to obtain additional contributions from Mrs. Pentacost?

A We, as long as I was under the employ of Mr. Channell, and we were working on various projects, we would need the financial support of our contributors. So I don't think I would ever reach a point where I would say, ''Well, no, we don't need any support.''

Q Was it your understanding that Mrs. Pentacost had what you considered to be substantial wealth?

MS. MORRISON: Can we go off the record?

[Discussion held off the record.]

BY MR. FRYMAN:

Q I will withdraw the last question, Mr. Smith.

What was the reason that you were proposing a meeting between the President and Mrs. Pentacost and her sister?

A And her husband.

Q And her husband.

A The Pentacosts were very special people who had contributed to the best of their ability, very generously, and we thought it would be very nice if they could see the President.

Q Do you know if the Pentacosts ever met with President Reagan?

A Yes, they did.

Q Turning to the next document, which is a letter dated April 23, 1986, from you to Mrs. Patricia Beck, do you recognize that letter?

A Yes, I do, if I can read it through one more time.

[Off the record.]

MR. FRYMAN: Back on the record.

THE WITNESS: You would like an explanation of this letter?

MR. FRYMAN: You asked the question very well, Mr. Smith. On this one you can provide both the question and the answer.

THE WITNESS: To be as brief and make as much sense as possible, the National Endowment was hoping to enter into a project called, ''The Future of Freedom Forums.'' This idea came about in late 1985. It would be a series of speaking engagements by which the major Presidential candidates for 1988 would be invited to speak at NEPL sponsored events called the Future Freedom Forums, and give the candidate an opportunity to talk about ~~everyone~~ whatever he wanted to talk~~ed~~ about.

We had tried to go with the first one with Vice President Bush. Mrs. Beck in Dallas is a great supporter of Vice President Bush, and is a great fan and friend of his, I understand, and we were going to use this opportunity at her home. She has quite a substantial home, to have a nice group of folks there invited from across the political spectrum in Dallas, to give everybody a chance to come and hear Bush, and it was going to be filmed and taped and the video tapes were then going to be distributed to various--whoever wanted them down the road, if they wanted to learn more about Vice President Bush and his views and opinions on the issues.

So I went down, saw Mrs. Beck, met with her and solicited this grant, and she was very kind to give it, and this was in December of 1985 when I did this, and from December of 1985 until April of 1986, it just dragged. We had received tentative--well, approval for the project, it is my understand from Vice President Bush's office, and then it seems that there were conflicts that arose, and he was unable to go through with participation in this effort.

Q So you returned the grant?

A Yes, because we weren't going to have it at her house, and she wanted the money back, so of course we hadn't spent it because the project hadn't gone like we had hoped according to schedule.

Q You referred earlier to contributions or a contribution from Mr. Beck for certain items of military equipment.

A Yes.

Q This letter has nothing to do with that contribution; is that correct?

A Absolutely nothing.

Q If you would turn to the next pages, which are 36710 through 36714, which refer to a fund-raiser meeting on May 23, 1986, do you recall attending such a fund-raiser meeting on or about that date?

A No, sir, I do not recall being at this particular meeting. I am aware of what this is, and I know of it and it is in here.

MS. MORRISON: You answered the question.

BY MR. FRYMAN:

Q Have you seen these pages before?

A No.

Q What do you mean you know everything that ~~is~~ in here?

A If this is what I think it is, this is what Jane McL~~o~~aughlin talked about on national TV, when she came out earlier this year and was discussing her employment under Mr. Channell, and things that she did.

Q Is your only knowledge of this from hearing the discussion on television by Jane McL~~o~~aughlin?

A Other than with counsel, yes, sir.

Q On page 36712, Mr. Smith, toward the middle of the page, there is a statement, ''So when these people give us $30,000 and our ads cost $35,000 a day around the country, there are in many districts literally giving a political contribution to support President Reagan's congressional candidates.'' Do you recall any discussion with Mr. Channell or other employees of the Channell organizations similar to that statement in connection with fund-raising activities for the Central American Freedom Program?

A Never.

Q Turning to page 37345, which is a letter to you

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from Richard Miller, dated September 2, 1986--

. A Letter for Richard Miller from me.

. Q Yes. Refers to a record of action of the Anti-Terrorism American Committee. What was your position on that committee?

. A I raised funds for it. I was not an officer, an official officer of the Anti-Terrorism Committee.

. Q Were you a director of it?

. A No, sir.

. Q If you will look at the next page, which is 36004, which is a mailgram dated September 9, 1986, to Colonel North, it appears to be signed at the bottom by Cliff Smith, Director. Can you explain the reason for that title there?

. A Mr. Fryman, I remember vaguely Mr. Channell dictating this mailgram, and Chris Littledale and I, who worked for Mr. Channel, had worked very hard during our time of employment for him, and had been very committed to what we had been doing, and he wanted to sign our names to this just as a nice gesture to us.

. I think he felt it would be nice for Colonel North to get this letter from all three of us, and since he was signing as president, I think frankly he thought it would be nice to have a title after our name, and did it just in that context.

. Q That telegram concerns Congressman Michael Barnes, and he is identified as a foe of the Freedom Fighter Movement. Had you understood Mr. Barnes to be one of the leading foes of the Freedom Fighter Movement?

. A I would find it difficult to be at all involved in working in politics in Washington and not know that Mr. Barnes is a foe of the Freedom Fighter Movement.

. Q And he had been one of the leaders of the campaign against United States aid for the Nicaraguan resistance that your organization had been supporting in 1985 and 1986, had he not?

. A That is correct.

. Q And you had been working with Colonel North in that campaign in support of such legislation; is that correct?

. A I never discussed legislation with Colonel North, but I understand your question, I believe, is that we had been--

. MS. MORRISON: You have answered the question.

. BY MR. FRYMAN:

. Q Colonel North had been specifying at briefings that had been a part of your fund-raising efforts for the Central American Freedom Program, had he not?

. A Yes, sir.

. Q This telegram or this mailgram which we are discussing--

. MS. MORRISON: You have been discussing mailgram.

I think Mr. Smith has been responding to generic questions that don't have anything necessarily to do with this.

BY MR. FRYMAN:

Q The mailgram which is a part of Exhibit 1, which is document 36004, and which you signed together with Mr. Channell and Mr. Littledale, states that, ''We at the Anti-Terrorism American Committee feel proud to have participated in a campaign to insure Congressman Barnes' defeat.'' Was the reason that you selected the Barnes campaign for an effort by the Anti-Terrorism American Committee the fact that Mr. Barnes had been one of the leading foes of the Freedom Fighter Movement?

MS. MORRISON: Object to the question on relevance. Why Mr. Smith, whose name appears on the document you have referred to, but not his signature, or anybody else involved in those organizations may or may not have supported a particular political candidate in connection with activity by an organization that never did anything on the Nicaraguan issue directly, it seems to me, is irrelevant to these proceedings.

If you want to ask the witness whether he, himself, participated in or whether he has any knowledge of discussions about the Barnes campaign with Colonel North, that might make it relevant to these proceedings. But it seems to me that the reasons why somebody supports a political candidate or doesn't support a political candidate should be viewed with a certain amount of privilege, if you will, and particularly here where they are not relevant to matters before the committee.

MR. FRYMAN: Do you understand the question, Mr. Smith?

MS. MORRISON: Do you understand the question?

THE WITNESS: I have totally forgotten the sense of all that.

MR. FRYMAN: Would the reporter read back the question, please?

[The question was read by the reporter.]

BY MR. FRYMAN:

Q Mr. Smith, the reporter has read back my question with respect to the mailgram, which is document 36004, and my immediate question following Mrs. Morrison's remark is do you understand the question that I posed to you about that mailgram?

A Yes.

Q Would you answer the question?

MS. MORRISON: I will direct the witness on the basis of the objection that I have already placed on the record not to answer the question.

MR. FRYMAN: Mrs. Morrison, I have a number of additional questions for Mr. Smith with respect to the activities by this committee in ~~position~~ relation to Congressman Barnes. Rather than taking unnecessary time today, is it your position that you will direct the witness not to answer any questions relating to that campaign?

MS. MORRISON: Within the confines of the last objection that I made, yes.

MR. FRYMAN: When you say, ''within the confines,'' you mean for the reasons stated in your last objection you would make a similar objection?

MS. MORRISON: I would except to the extent that the question that I suggested to you, whether or not Mr. Smith is aware of activities by Colonel North that involve that particular campaign, I think if you wanted to explore that particular area there might be some acceptable questions there, but otherwise, yes, I would continue my objection to anything else.

BY MR. FRYMAN:

Q Let me ask one question related to the one you suggested. Why did you send this telegram to Colonel North?

MS. MORRISON: That doesn't necessarily get us to the same question, Mr. Fryman.

MR. FRYMAN: So you are directing the witness?

MS. MORRISON: As you know from earlier dealings--

MR. FRYMAN: So you are directing the witness not to answer that question?

MS. MORRISON: Yes, insofar as the record doesn't already reflect that it is not something he drafted, but rather something Mr. Channel drafted.

BY MR. FRYMAN:

Q I believe your prior testimony, Mr. Smith, is that you participated and discussed with Mr. Channel the sending of this mailgram, is that not correct?

A No, sir. I did not help write it in that way of participation. I believe I didn't know about it until after it was already written, and when he was dictating it, I believe over the phone, he had already written it.

Q But you knew about it before it was sent.

A Perhaps.

Q And you knew your name was going to be signed to it, or your name was going to be included at the end of the paragraph as one of the senders of the mailgram?

A I would like to slightly alter what I said a moment ago. My confusion comes over the fact that I cannot remember whether I saw the Western Union copy that comes to you after you send a mailgram. They send it to you in the mail as just a confirmation, or whether I heard Mr. Channel dictating this.

I was around him many times when he would dictate things over the phone, and it was one of the two, so I could have known.

. Q Did you concur in the sending of this telegram or mailgram?

. MS. MORRISON: We are getting into a conclusion, Mr. Fryman. He has just told you he is not even sure whether he knew that it was being sent before it was sent. He may have learned about it for the first time when a copy was received back at the office. That doesn't sound like concurrence to me. It sounds like learning that an action has been performed.

. BY MR. FRYMAN:

. Q Do you understand my question, Mr. Smith?

. A If I was not aware that it was being sent, not until after the copy came in the mail, then I don't see how I could concur with it if I don't know until afterwards.

. Q As I understand it, your recollection now is that you may have been aware of this before it was sent, or you may have been aware of it after it was sent, and you are not sure which.

. A That is my testimony.

. Q That is correct.

. A Yes, sir.

. Q On the assumption that you were aware of it before it was sent, did you take any steps to stop the sending of the mailgram?

. MS. MORRISON: Now we are getting into if's and hypotheticals. He doesn't remember whether he knew about it before or after, whether he had any recollection of it occurring before the fact, then he would have a clear recollection about whether or not he knew it was sent before or after the fact, so it seems to me that the inference to be drawn from the testimony is he didn't have a whole hell-of-a-lot to do with it before it got sent and if he did, it didn't involve himself so that he can now even recall whether he knew about it before the fact or after the fact.

. BY MR. FRYMAN:

. Q I don't want to prolong this. Let me ask one final question. At the time you became aware of this mailgram, whenever it was, did you take any steps to have the mailgram withdrawn or have your name removed from it?

. A I would not have had the power to do that.

. Q So is the answer to my question, no?

. A Not necessarily.

. Q Let me ask the question again. At the time you learned of this mailgram, did you take any steps to have the telegram or mailgram withdrawn.

. MS. MORRISON: Mr. Fryman, if he didn't believe at the time that he had the power to take such steps, he might well not have ever even considered taking any.

. MR. FRYMAN: He can say yes or no, and explain the reasons, but I think I am entitled to a yes or no.

THE WITNESS: A yes or no and to whether I would have stopped it if I could or withdrawn it.

MR. FRYMAN: No, did you take any steps?

MS. MORRISON: Did you actually do anything to get your name taken off that?

THE WITNESS: No, I did not.

MR. FRYMAN: Off the record.

[Discussion held off the record.]

MR. KAPLAN: Back on the record.

Mr. Smith, do you know why this mailgram was sent?

MS. MORRISON: Actually I have the same objection to that question that I had to the one Tom asked earlier. It could revolve around a whole lot of reasons that have nothing whatsoever to do with the matters before this committee.

MR. KAPLAN: I think if we get an answer to that question, which is just a yes or no as to whether he knows why, I think we may be able to break down the ones that might have something to do with relevance to this committee and the ones that don't.

MS. MORRISON: The witness has asked for a moment to consult, so we will take a couple of minutes.

[Recess.]

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MR. KAPLAN: I will just repeat the question for the benefit of coming back on the record.

BY MR. KAPLAN:

Q Mr. Smith, we are talking about a mailgram that's number A-36004, that's been provided to the committee by your counsel in connection with the investigation, and I just ask you if you knew why this mailgram was sent to Colonel North?

A No.

Q Do you know whether Colonel North requested that this mailgram be sent to him?

A I do not know he requested that.

Q Do you know whether Colonel North had any communications with Mr. Channell, yourself, or anyone else at the NEPL, with respect to the United States Senate Campaigns that was conducted by then Congressman Michael Barnes?

A To the best of my knowledge, he never did.

Q Just as a practical matter, do you know why a decision was made to communicate to Colonel North by mailgram rather than by telephone call with respect to an event that certainly was in the press in this area?

MS. MORRISON: Objection.

I don't see that that's relevant to what we are about here. What may have motivated Mr. Channell is not relevant, particularly given the record we have here, where he is not aware of Colonel North and Mr. Channell having any communications about the campaign.

It's not really relevant to have him hypothesize. He said he didn't know why it was sent.

. MR. KAPLAN: If he has--given the record that has been established throughout the course of these investigations with respect to communications between NEPL officials and Colonel North, I think it's relevant to the committees' investigation as to if he knows why a mailgram form of communication was chosen in this instance, as opposed to telephonic communication, or a face-to-face meeting to convey some information as has been used with respect to many other communications between NEPL employees and Colonel North. That was really all I was asking, as to whether he knows why the mailgram form of communication was chosen here.

If he does, I would like to pursue it; and if he doesn't, there's nothing to pursue.

. THE WITNESS: In answer to your question as to why a mailgram format was chosen, I do not know.

. MR. KAPLAN: Can we just go off the record for a second?

[Discussion off the record.]

MR. FRYMAN: Why don't I wind my questions up.

MR. KAPLAN: I thank Mr. Fryman for his indulgence, and I turn the questioning back over to him.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. FRYMAN:

Q Moving on in Exhibit 1, Mr. Smith, would you turn to the handwritten notes dated November 14, 1986, which have your counsel's control number 33332 at the bottom?

Are those notes in your handwriting?

A No, sir.

Q Do you know whose handwriting that is?

A It is possibly Dan Conrad's handwriting.

Q Have you seen this document before?

MS. MORRISON: Other than through counsel?

THE WITNESS: No, sir. To the best of my recollection, I have not seen it before.

BY MR. FRYMAN:

Q Do you recall Mr. Conrad's requesting this type of information from you?

A No, sir.

Q All right.

Turning to the next document, which is document 33121, it's a memo from Steve to Cliff/ and Spitz, dated December 2, 1986, do you recognize that document?

A No, sir.

. Q You do not recall receiving that document?

. A No, sir.

. Q Do you recall discussions about whether the Goodman Agency had billed the correct Channell organization for work that the agency had performed or for advertising time that it had purchased?

. A Yes, sir.

. Q When did those discussions occur?

. A I believe in December of '86, and January of '87.

. Q Who did you have such discussions with?

. A Mr. Channell--

. Q Mr. McMahon?

. A Mr. McMahon, and Adam and Bob Goodman, primarily Adam.

. Q What was the issue in those discussions?

. A Okay. I'm going to read this first.

. Q My question is really broader than this memo. My question relates to your recollection of the same issue in late 1986, or early 1987. You are free to look at that memo if you feel that will assist your recollection.

. A It's my recollection that the Goodman Agency made some errors in how they invoiced charges to various Channell organizations, and that could be what you are talking about here.

. Q Do you recall the magnitude of funds that were discussed with respect to these errors?

Are we talking about an amount in excess of $100,000?

. A I remember having discussions about the amount, but I can't remember the amount.

. Q What do you recall was the resolution of these discussions?

. A I don't know if it ever was resolved.

. Q Was this a matter that you had primary responsibility for, that is working out a correction of the billing or determining what the error was, or is this a matter that someone else had primary responsibility for?

. A For a short time Mr. Channell asked me to help in looking into this. It was one of the most confusing things I have ever looked into.

I had a meeting with Adam Goodman on this issue, and as I said, I still don't know if it was ever resolved, because I believe that it was certainly Mr. Channell's view that there was some errors in billing.

I haven't thought of this in months and months, so that's why I am vague on it.

. Q Was this something that Mr. McMahon was involved in?

. A Yes, sir.

. Q And Mr. Channell also?

. A Yes, sir.

. Q And Mr. Goodman, Adam Goodman on the side of the agency?

. A Yes.

. Q All right.

Turning to the next document, which is document 33269 and 33270, do you recall having seen these pages before?

. A No. I have not seen this document.

. Q Do you recall any discussions with Mr. Channel or anyone else within the Channel organization about the International Youth Conference or the International Youth Year?

. A I have one vague recollection of Mr. Channel mentioning this to me, I believe in 1985.

. Q What did he say?

. A That we might be participating in some type of youth conference, and then I never heard anything else about it. So I assumed it went by the wayside.

. Q That one conversation is the only matter that you recall relating to that subject?

. A Yes, sir.

. Q Turning to page 36003, which is a page of handwritten notes headed ''Ollie solicitation'' at the top, is that your handwriting?

. A Yes, sir.

. Q Would you read for the record what appears on that page?

. A It says, ''Ollie solicitation; Barnes campaign; indict Ollie; execute President,'' or abbreviation for ''President's policy; can be beaten; one reason here''--I don't know what this is--something--

. Q Is that Maryland, MD or Maryland?

. A Yes, but that makes no sense. Something 'wants me to enlist those are engaging in secret activities'' or looks like activities.

''Washington and Baltimore media, your 5000 would help a great deal to; $200,000 program to get Barnes, newspaper, TV.'' There's a phone number ''(203) [redacted] own foundation.''

. Q Do you recall making those notes?

. A No.

. Q Do you recognize the phone number on the page?

. A No, sir.

. Q Do you know what the occasion was when you made these notes?

(Reporter read question back at the request of Mr. Fryman.)

. A I believe I remember these were notes that Mr. Channell gave me probably over the phone during the independent expenditure campaign that a PAC did in Maryland.

. Q So these are notes of a conversation with Mr. Channell?

. A I believe so.

. Q Now, what does the phrase at the top ''Ollie solicitation'' mean?

. A It could have been how Spitz told me to cast solicitation, just called it the ''Ollie solicitation,'' but I don't remember specifically.

. Q In other words, you would make an appeal to a contributor and you would characterize it as a solicitation on behalf of Colonel North? Is that what you are saying?

. A No.

. Q Would you explain then what you mean by that?

. A Because the contributor might have met or know about Colonel North, using his name with the contributor might have some impact so that could explain that.

. Q And does the second line, ''Barnes campaign,'' indicate that these were contributions you were seeking for the Barnes campaign?

. A Contributions for the independent expenditure.

. Q In connection with the campaign against Congressman Barnes; is that correct?

. A Well, the independent expenditure was not against Congressman Barnes. It was for Linda Chavez.

. Q All right.

But the phrases in these notes ''Barnes campaign'' refers to the independent expenditure made in that Senate race; is

that correct?

. A Yes, sir.

. Q Now, moving down toward the center of those notes you use the phrase ''Enlist those who are engaging in secret activities.'' What does that refer to?

. A As I sit here now, I don't recall what it meant at the time.

. Q Mr. Smith, looking at your handwriting and those lines again, you indicated you believe the word was ''enlist'' I believe, to enlist those who are engaging.

. A That's what it looks like.

. Q But focusing on that word there appears to be a ~~Department of Transportation~~ mark of transposition. over the first letter. Is it possible that that word is ''indict,'' and the initials that you could not determine at the beginning could that be ''MB.'' instead of ''MD,'' so that that would read, ''MB wants me to indict those who are engaging in a secret activities''?

. A It's possible it could be that.

. Q Well, again, it is your handwriting, and I'm just trying to determine what that phrase is in your own handwriting.

. A So your question to me is, is it possible it could be that, instead of how I read it, and my answer to you is, yes, that is possible. Again, this would have been written a year ago and I'm--I just--

. Q Well, at this point do you have any recollection of what the phrase ''secret activities'' means in that sentence?

. A That would probably mean, although this is a guess, Colonel North's activities, such as going down to Central America.

. Q Do you know there's the phrase ''program to get Barnes''?

Do you see that phrase?

. A Uh-huh.

. Q Was it your understanding that you were soliciting funds to support a program to get Barnes?

. A I was raising funds to fund an independent expenditure, and it as an independent expenditure to help elect a Republican Senator from Maryland.

. Q What is the significance of that phrase in your handwritten notes, the phrase being program to get Barnes?

. A I don't remember. I mean, if there was some program, I don't remember what that would mean.

. Q Is it your recollection that these are notes that you made from a conversation with Mr. Channel giving you directions about how to approach various contributors?

. A To the best of my recollection, that's what these notes would be.

. Q Do you recall which contributors you contacted?

. A No, sir.

. Q Did you contact Mrs. Newington?

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THE WITNESS: I contacted the contributors, Mr. Fryman, to these various organizations all the time for the main projects. I'm not trying to be uncooperative. It is that I can't break it down.

BY MR. FRYMAN:

Q The phrase in these notes, ''Your $5,000 would help,'' is that the amount you were seeking from the contributors?

A That would have been a relevant amount since that is as much as an individual can give to a political action committee.

Q Were you seeking these funds on behalf of the Antiterrorism American Committee?

A Yes.

Q Looking again at this telephone number, Mr. Smith, do you know what area is covered by area code 203?

A I know who that is. I just remembered. That is Barbara Newington.

Q Does that indicate you called Mrs. Newington?

A No, it does not. It means I was writing this note on a piece of paper, that I already had her number down

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there or I wrote her number down just to get some place that was in front of me.

. Q So you don't recall one way or the other whether you contacted her?

. A For this effort?

. Q Yes.

. A I probably did.

. Q Do you recall if she made a contribution?

. A Not without looking at financial records.

. Q Do you recall now what the phrase ''own foundation'' refer to down there?

. A I have been asked about that before, and I have no idea what in the world I meant when I wrote that.

. Q Turning to the last page in this exhibit, Mr. Smith, which has number 37851 on it, is that your handwriting on that page?

. A No, sir.

. Q Do you know whose it is?

. A No, sir.

. Q Have you seen this page before?

. A No, sir.

. Q Mr. Smith, you were involved in fund raising for all of Mr. Channell's organizations in 1985 and 1986, were you not?

. A No, sir.

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. Q Which ones were you not involved in?

. A Grow Washington.

. Q That organization was basically inactive, was it not?

. A Yes, sir.

. Q Other than that, were you involved in all of the other organizations?

. A Yes, with the exception of Channell Corporation, which was also inactive.

. Q The financial records that have been provided by counsel for Mr. Channell indicate that the total contributions in 1985 were approximately $3.9 million. Is that consistent with your recollection of the total contributions in 1985?

. A It is not consistent with my recollections because I have no idea what the total figure is.

. Q You did not know the total?

. A No, sir.

. Q Is that true of 1986 as well? You did not know the total amounts?

. A Yes, sir, that is correct.

. MR. FRYMAN: Mr. Smith, I have no further questions.

. MR. KAPLAN: I have no further questions.

. BY MR. OLIVER:

. Q Mr. Smith, you indicated earlier that no one could have lived in Washington and not known that Mr. Barnes was an opponent of the freedom fighters, or something to that effect, is that correct?

. A That was my testimony, yes.

. Q What did you know Mr. Barnes had done to become an opponent of the freedom fighters?

. MS. MORRISON: I will object to the question. How he is to know that is really irrelevant, Mr. Oliver, to the reasons we are here.

. BY MR. OLIVER:

. Q Did you know that Mr. Barnes was the Chairman of the subcommittee of the Congress that dealt with aid to the freedom fighters?

. A Yes, sir.

. Q The Foreign Affairs Committee. How did you know that?

. A From the media and from follow-up, just from being involved in this area. I mean I was concerned with the issue of freedom fighter aid, and I should know just as a matter of record who is in that position.

. Q So you were involved in the effort to try to get congressional support for freedom fighter aid, is that correct?

. A That is partially correct. I was involved more so than that to try and educate the American public on the issue of freedom fighter aid.

. Q Was the Central American freedom program designed to obtain congressional support for freedom fighter aid?

. A To the best of my recollection, there was one component of it that used Sentinel, that the Central American freedom program had one component which was Sentinel, that was to lobby for freedom fighter aid. The majority of the Central American freedom program was to muster public support or to educate the public.

. Q What was your relationship to Sentinel?

. A I raised funds for the organization.

. Q You testified earlier you raised funds for all of the Channell organizations except Grow Washington and the Channell Corporation, is that correct?

. A Yes, sir, during this time period we are talking about.

. Q So that was two political action committees, ATAC and American Conservative Trust?

. A ATAC and ACTS, Federal PACs.

. Q Two state PACs?

. A Yes, they each had state election fund components.

. Q NEPL?

. A NEPL.

. Q Central?

. A Central.

. Q Any others?

. A Not during this time period. When are you talking about?

. Q 1985-86.

. A That's it.

. Q Who were you paid by?

. A I was paid by the organization that I performed the work for.

. Q So you were paid by all of these different organizations at different times?

. A At different times, yes.

. Q But you remained in the same office throughout this period?

. A What do you mean, the same building or the same room?

. Q The same physical offices. In other words, they were all located, all these organizations were located in the same place?

. A Yes, sir.

. Q And your bosses in all these organizations were Spitz Channell and Dan Conrad, is that correct?

. A Yes, sir.

. Q All these organizations were really one entity, one conglomerate, is that correct?

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. A No, sir, it's not correct. Each organization was a separate legal entity with its own articles of incorporation, and each had a board of directors, and there was some overlapping of officers, but they were definitely to my understanding separate organizations. They weren't just something, a different name on a different sheet of paper for each one.

. [Discussion off the record.]

. MR. OLIVER: Back on the record.

. BY MR. OLIVER:

. Q Were you an officer of any of these corporations?

. A I became treasurer of the American Conservative Trust about a year and a half ago.

. Q Were you ever the treasurer of National Endowment for the Preservation of Liberty?

. A No, sir.

. Q In Exhibit 1, which we examined earlier, there is a piece of paper which I believe Mr. Fryman asked you about earlier. It appears to be on the letterhead of the National Endowment for the Preservation of Liberty and it's a letter signed by you, Cliff Smith, treasurer. Were you the treasurer of the National Endowment for the Preservation of Liberty?

. A No, sir. At one point there had been some discussion between myself and Mr. Channell about making me

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the treasurer, and it was never done, and at the time we wanted to have me an officer of NEPL, and it never went through. We never did it.

Q Is that your signature on that letter?

A Yes.

Q Why did you sign that letter if you were not the treasurer?

MS. MORRISON: He just told you they were having discussions about him being an officer including treasurer.

MR. OLIVER: Counsel, the letter indicates that he is the treasurer, under his signature. He has just testified that he was not the treasurer, so I'm asking him why he signed the letter that indicated he was the treasurer.

THE WITNESS: I thought at the time that we would be going through with this, and that I would be the treasurer at some point in the not too distant future. Therefore, I thought it was all right to go ahead and sign that name.

BY MR. OLIVER:

Q You indicated earlier that you were involved in independent expenditure in Maryland on behalf of Linda Chavez, is that correct?

A Yes.

Q Who made that decision?

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MS. MORRISON: Again we are not going to get into independent expenditures, Mr. Oliver, because it's beyond the mission of this commission. The fact that some people may be interested in that issue does not render relevant the mission of these committees. There has been enough background information provided with respect to the organization's participation in that independent expenditure campaign and the source of that campaign to demonstrate that it had nothing to do so far as this witness is concerned with any relations with the White House or the other issues that are before us here.

BY MR. OLIVER:

Q Mr. Smith, you testified earlier that on January 30 a meeting took place in the White House where 30 or so of your major contributors were invited, is that correct?

A Yes, sir.

Q Did you also indicate that Linda Chavez spoke at that meeting?

A Yes, sir. She was still the director of office of public liaison at the time.

Q And was she helpful to your organizations while she was in that position?

A I honestly don't know, because I didn't coordinate any of that that went on.

Q Were you at the White House briefing?

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. A Yes, sir.

. Q Did she speak at the briefing?

. A Yes, for a few moments.

. Q Do you remember what she said?

. A No, sir.

. Q Do you remember whether or not it was in support of your organization's activities?

. A As I said, I don't remember what she said. I would not think she would have spoken against the organization.

. Q Did your activities on behalf of Linda Chavez have anything to do with her previous connection with the organization while she was in the White House?

. MS. MORRISON:

Objection to the form of the question. There has been no established record that there was a connection between her and the organization.

. MR. OLIVER: He just indicated, Counsel, that she spoke at the briefing for the 30 large contributors at the White House on January 30.

. MS. MORRISON: He also said he didn't know whether she had anything else to do with the organizations.

. BY MR. OLIVER:

. Q She spoke at a briefing for your organization, is that correct?

. MS. MORRISON: Mr. Oliver, people who are employed

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and represent other citizens in these two institutions, the House and the Senate, regularly speak before organizations they don't have anything to do with, and I'm certain some of them may not want to be connected with the organizations before whom she appear. The fact she appeared, momentarily said a couple of words conducted at the White House, and this witness said he doesn't know whether she supported or had anything to do with the organizations, doesn't make her connected with the organization.

There is no foundation for the question. Please rephrase it or move on.

BY MR. OLIVER:

Q Mr. Smith, in 1985 your organization had several, at least two briefings, I believe, at the White House, one in June and at least one in October, is that correct?

A Yes, sir.

Q Did Linda Chavez appear at those briefings?

A Not to my recollection.

Q Do you remember who appeared at those briefings?

A At the White House portion?

Q Yes.

A Colonel North.

Q Anyone else?

A I think someone introduced Colonel North at the first briefing in June of '85, but I can't remember who it

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was. No, I came in late to that briefing, so I have to withdraw that.

Other than Colonel North, I don't believe there were any other White House officials who spoke.

Q Let's go back for a moment to document A0036003 that Mr. Fryman asked you about earlier. I believe it's the next to the last document. You indicated earlier that the independent expenditures in Maryland that you were attempting to raise money for were on behalf of Mrs. Chavez, is that correct?

A Mr. Oliver, upon further reflection, it might not have been on her behalf. It might just have been an independent expenditure taking place during that particular campaign discussing both of those candidates as in the ad discussed Barbara Mikulski and Linda Chavez.

Q Why does only Mr. Barnes' name appear on this in your notes, if it might have been related to Mrs. Mikulski or Mrs. Chavez?

MS. MORRISON: Mr. Oliver, he testified earlier that these were notes he took because he was having a conversation with Mr. Channell and reflecting what Mr. Channell was saying. That is why Mr. Barnes' name is there.

BY MR. OLIVER:

Q You indicated earlier that this might have been a phone conversation with Mr. Channell, is that correct?

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. A Possibly, yes, sir.

. Q Could it have been a meeting of your fund raisers?

. A No, sir.

. Q Where you took these notes?

. A The reason I said that it was possibly a phone conversation is to me it appears to have the format of taking quick notes when you are talking on the phone. If it had been a face-to-face meeting with other people, I think my notes would have been more extensive because I had a habit of making more extensive notes when I was at a meeting.

. Q Was the usual method of operation as fund raiser with Mr. Channell to have a meeting among the fund raisers to decide on a program or a project for which you were going to raise money, and then for the fund raisers to solicit the contributors who they had developed or worked with over a period of time on behalf of that project?

. A What you have said is partially true, and if you don't mind, I will refine it a bit.

. Q If you would elaborate on it, I would appreciate it.

. A Usually the project was already decided by Mr. Channell at the point that a meeting would take place with the staff, and a meeting would take place in order to discuss the project, whatever it might be, and then the fund-

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raising staff would conduct solicitations regarding that project later.

. Q When you made a solicitation over the telephone, did you generally take notes as to what was said?

. A When I'm talking to a contributor, is that your question?

. Q Yes.

. A Sometimes.

. Q Was there some kind of a report that was given to Mr. Channell and/or Mr. Conrad based on solicitations that you made?

. A I did not engage in that kind of reporting.

. Q Did the others, other fund raisers?

. A They could have. I have never seen any notes to that effect.

. Q Do you recall which of the individual contributors you had primary responsibility for?

. A Yes, sir.

. Q Could you tell me who they were?

. MS. MORRISON: Mr. Oliver, we have already gone over this.

. MR. OLIVER: I would like to go over it again, Counsel. I don't believe that this question has been asked of him, and I would like to know who the contributors were that he had primary responsibility for.

MS. MORRISON: For the purpose of speed, I will allow him to answer what he recalls now, but the question was asked and the answer solicited earlier in the testimony today.

THE WITNESS: Mr. Brandon, Mr. and Mrs. Pentacost, Ms. McKinley, Mr. Driscoll, Dr. Adamkiewicz, Ms. Christian at times. That should do it.

BY MR. OLIVER:

Q Did you solicit these people for each project as direct~~ly~~ED by Mr. Channell? Did you solicit them for different projects at the direction of Mr. Channell?

A Yes, sir.

Q Did you solicit some of these people to buy military equipment, to contribute to military equipment for the contras?

MS. MORRISON: Mr. Oliver, that question clearly has been asked and answered in a lengthy exchange between Mr. Fryman and Mr. Smith in which Mr. Smith answered all of the questions.

BY MR. OLIVER:

Q Did you solicit each one of those people or any of those people that you have just mentioned?

MS. MORRISON: The exact same objection, Mr. Oliver. We were all here and the questions were asked and the record was made. He has gone in detail over his dealings with each of those contributors on those subjects.

BY MR. OLIVER:

Q Did you solicit those contributors for each of the projects that Mr. Channell's organizations were engaged in in 1985 and 1986?

A I solicited some contributors for some projects and some for others.

Q Could you distinguish for me which ones you solicited for which projects and which ones for other projects?

MS. MORRISON: I'm going to object to that question. It's overly broad. Some of the projects have no relevance to this committee's work. He has answered the question as to who was solicited for military equipment, Mr. Oliver.

BY MR. OLIVER:

Q Could you tell me which of those people were solicited for ads that related to Congressman Barnes?

MS. MORRISON: Objection; relevance.

BY MR. OLIVER:

Q During the Central American freedom program in 1986, in which television ads prepared by the Goodman Agency were run in March and April of 1986, were those ads designed to influence the vote in the Congress on freedom fighter aid?

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. A The Central American freedom program? No, sir, those ads were designed, to my knowledge, to discuss this issue with the American public using the medium of television.

. Q Were they run in specific congressional districts?

. A Well, I mean if you put them on in Texas somewhere, that is going to be a specific congressional district. You can't help that.

. Q Were you aware that they were designed to be run in specific congressional districts?

. A I was told they were being run in specific media markets.

. Q Did those media markets have any relationship to congressional districts?

. A I was told that they were media markets and was not told of any specific congressional district parallels.

. Q You were not aware that those media markets corresponded to congressional districts of congressmen who were targeted by Mr. Miller or Mr. Channell?

. A No, sir, not of congressmen, as you phrased this, who were targeted.

. Q Were the ads that were run in the Washington area by your organizations prior to the vote which was to take place in the spring of 1986, did those ads to your recollection include Mike Barnes' name?

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. A Could you be more specific about which organization you are talking about?

. Q Were the ads that were run as part of the Central American freedom program in the Washington, D.C., media market--did those ads include Mike Barnes' name?

. A I remember an ad mentioning Congressman Barnes' name, but I don't remember when it ran, because, as I have stated earlier, we ran so many during this two-year period.

. Q Could the ads that were run using Mike Barnes' name have been a result of this Ollie solicitation note that we were discussing a moment ago, document 36003?

. A Well, I thought we had established the fact that we thought this dealt with the Maryland independent expenditure, and I still think that, and that is my genuine belief about what these notes pertain to.

. Q Was the Maryland independent expenditure designed to get Barnes?

. MS. MORRISON: Objection to the question on the same basis.

. MR. OLIVER: The document in Mr. Smith's handwriting says ''Programmed to get Barnes.'' He just indicated he thought this document related to the independent expenditures in Maryland. I think the question is obviously relevant.

. MS. MORRISON: Not to the mission of this

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committee. He has answered questions that, to his knowledge, has nothing to do with it with some of the inferences that might be drawn from the face of the document dealing with the White House. To the extent that the independent expenditure had to do with an organization that did not do anything on Nicaraguan issues, and on the basis of the objections earlier raised to detailed exploration about Mr. Barnes or anybody else who may have been independently discussed in connection with that or other unrelated organizations' political activities, I object to the question.

MR. OLIVER: Counsel, the witness has testified that this is his handwriting.

MS. MORRISON: He has lots of handwriting, lots of places that don't have anything to do with the mission of this committee.

MR. OLIVER: We have already established his handwriting. The top line says ''Ollie solicitation.''

BY MR. OLIVER:

Q Mr. Smith, does Ollie in that line refer to Oliver North?

A It's likely that it does.

Q On the third line, there are the words, ''Indict Ollie.'' Is it your recollection that that also referred to Oliver North?

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A Yes.

Q Why did Mr. Channell tell you someone wanted to indict Oliver North?

MS. MORRISON: He's not going to speculate about what was in Mr. Channell's mind at the time he had this conversation.

BY MR. OLIVER:

Q Did Mr. Channell tell you someone wanted to indict Oliver North?

A Mr. Oliver, since these are short notes taken during a phone conversation, it's hard for me to remember specifically about what Mr. Channell was talking about, even with the entire thing.

For example, I told you earlier I have no idea what ''own foundation'' means. It was, obviously, part of this.

Q Do you remember whether or not Mr. Channell told you that someone wanted to indict Oliver North?

A I recall a conversation which Mr. Channell had with me at one point, and I have no idea when it was, about there were Members of Congress who were concerned with trying to oust Oliver North out of the National Security Council. I'm not sure if ''indict'' was the word.

Q Did he tell you why they were trying to oust Colonel

North?

A It is my recollection that they were upset, the Members of Congress, or whoever this was, was upset with Colonel North's activities on behalf of the supporting President Reagan's freedom fighter efforts.

Q Which activities are you referring to?

MS. MORRISON: Did you have an understanding of specific activities?

THE WITNESS: No.

BY MR. OLIVER: Which activities were you referring to?

MS. MORRISON: He just said he didn't--

MR. OLIVER: He used the phrase ''Colonel North's activities.'' I'm asking what Colonel North activities he was referring to.

MS. MORRISON: He just said he didn't know which specific activities these Congressmen had apparently targeted Mr. North for having engaged in.

BY MR. OLIVER:

Q Why did you just use the phrase ''Colonel North's activities''?

A Mr. Oliver, what I was referring to is that I had a recollection some of these Congressmen were upset that Colonel North had been traveling to Central America, and they were upset with this. They didn't think he should be

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going down there, and I'm not sure why they thought that.

I don't know anything about the law that governs him going down there, but that's, I believe, what they were upset about.

. Q Were you aware he had been to Central America?

. A Mr. Channel had referred from time to time that he was--had gone down there. I don't think he knew beforehand when ever he was going.

. Q Do you recall whether or not there was ever discussion about a letter being written to the White House inquiring about Colonel North's activities in Central America?

. A Yes. I think I do remember that.

. Q What do you remember about it?

. A I believe it was a letter that Michael Barnes wrote to somebody at the White House. I don't know who it was.

. Q How did you learn about that letter?

. A I think I read it in the newspaper.

. Q Did that letter have any relation to the notes that are made on this page that we have been discussing?

. A Not to my recollection.

. Q Do you remember whether or not Congressman Barnes was a candidate at the time that that letter was written?

. A Since I don't remember when the letter was written, I don't remember if he had announced whether he was running

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for reelection, or not or running for Senate, which I guess is what it would have been if he had been a candidate.

. Q You have written on this page on the fifth line, ''can be beaten.'' Did Mr. Channel tell you Mr. Barnes could be beaten?

. A I don't remember specifically what the content of that was, since it's just, as I said, short notes.

. Q When you refer to that, in that document to ''your 5000 would help,'' you have testified earlier that that was probably the pitch that you were going to make to potential contributors for this solicitation; is that correct?

. A That could have been some of the things that I would have said, however, it would not have been the same necessarily.

. Q Do you recall talking to any contributors about this particular campaign?

. A You mean just about doing the independent expenditure?

. Q I'm talking about the Barnes campaign. Then it says, ''indict Ollie.''

Further down it says ''your 5000 would help a great deal.'' Two lines later it says, ''program to get Barnes.''

.. MS. MORRISON: He has said in earlier testimony, Mr. Oliver, that this is a document he believes is related to independent expenditure made by t TAC.

Reading the document to him is probably not going to change that. Now, if you want to rephrase the question.

. MR. OLIVER: I'm asking him whether or not he remembers soliciting contributions from any contributors where you used the phrase that is on this page, ''your 5000 would help a great deal,'' related to this campaign that is referred to on this page?

. MS. MORRISON: There, again, I would object on the basis of relevance, Mr. Oliver. It's an independent expenditure campaign, as best he recalls, having to do with an organization that was not involved in Nicaraguan issues.

. MR. OLIVER: Counsel, this particular piece of paper has ''Ollie solicitation, indict Ollie, Barnes campaign, want to indict those who are engaging in secret activities'' all over it, and if that doesn't relate to Nicaragua, I don't know what does.

. MS. MORRISON: Maybe you don't know what does, Mr. Oliver--

. MR. OLIVER: I think I probably do.

. MS. MORRISON: Those of us who were here earlier and listened carefully to the questions and answers given, recognize the record clearly reflects whether or not this document has anything to do with the mission of this committee.

Mr. Smith was asked questions and allowed to answer an adequate number of questions to determine whether or not this document, to his knowledge, had anything to do with dealings with the White House, dealings with Ollie North, or anything directly related to those organizations supporting Nicaraguan and freedom fighter issues.

Now, to the extent that this is an independent expenditure campaign in which he took notes dictated by Mr. Channell from an organization that didn't have any activities in the freedom fighter aid movement, it does not have any relevance to the matters before the committee. I'll have to direct him not to answer, if I have to.

BY MR. OLIVER:

Q Are you sure that this document resulted from notes that were taken from a telephone conversation with Mr. Channell?

A No, sir, I am not absolutely sure, but in trying to give my best testimony, it would seem that that's what it was and that's why I have testified as such.

Q What was the relationship of this independent expenditure to the Barnes campaign?

MS. MORRISON: Objection.

Same basis.

MR. OLIVER: He's indicated that this note refers to an independent expenditure, and it says on the face of it in his handwriting ''Barnes campaign.'' I'm asking him what the relationship of the independent expenditure was to the Barnes campaign.

MS. MORRISON: Let me try again Mr. Oliver. There were activities engaged in by some of Mr. Channell's organizations, including ATAC, that had to do specifically with political campaigns, and did not deal specifically with the Nicaraguan issue.

The fact you make a nexus between some of those and the particular candidate, and that particular candidate's involvement in the Nicaraguan issues is something that you are willing to draw and you apparently are bound and determined to pursue.

In our view, it is not relevant to the mission of the committees. He has answered sufficient questions about this particular document to determine that it was not related to the other Nicaraguan and Freedom Fighter aid support that the organizations tried to provide, and subsequently, we find no relevance, and I will continue to prevent the witness from answering, if I must.

MR. OLIVER: Counsel, is it your contention Mike Barnes has no relevance to the mandate of this committee?

MS. MORRISON: It is my contention, Mr. Oliver, that campaign-related issues that are directed at a single candidate are not the mission of this committee. This committee is here on a broad purpose, not to take on particular candidate's specific political--

MR. OLIVER: Mike Barnes was the chairman of the subcommittee.

MS. MORRISON: We understand who Mike Barnes was.

MR. OLIVER: Is it your contention he is not relevant to the investigation of this committee?

Is that why you are directing your witness not to answer?

MS. MORRISON: In the content of this particular document, and the context of the particular organization of the Channel group that was involved, and the activity that has been described by this witness, yes.

BY MR. OLIVER:

Q A few moments ago, Mr. Smith, you indicated that several Congressmen were upset about Colonel North's activities in Central America; is that correct?

A Yes.

Q You also indicated you believed one of those Congressmen was Congressman Barnes; is that correct?

A Yes.

Q You also indicated it was a letter these Congressmen had written inquiring about, or you had heard of a letter, or read in the newspaper about a letter from these Congressmen inquiring about Colonel North's activities in Central America; is that correct?

A I didn't know exactly who it was from, which one or several Congressmen.

. Q It was your understanding that Mike Barnes was one of the principal opponents of aid to the Freedom Fighters in Central America; is that correct?

. MS. MORRISON: Objection.

Calls for the witness to conclude for his opini[illegible] matter that's not relevant.

. MR. OLIVER: Counsel, earlier the w[illegible]ied that everyone who lived in Washington or eve[illegible] who was in Washington knew that Mr. Barnes was an opponent of the Freedom Fighters.

. MS. MORRISON: Another one of the many reasons why it would not be a subject relevant to this committee's mandate.

. MR. OLIVER: I believe this committee's mandate is to try to determine how assistance was given to the resistance in Nicaragua, to determine whether or not that assistance was legal, illegal, within the law to determine what happened.

. MS. MORRISON: If we get to some of those questions instead of the only ones we seem to be focusing on right now, which are Mike Barnes intensive, perhaps we can answer some of them.

. MR. OLIVER: Counsel, that seems to be because you don't seem to be willing to allow questions about the

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chairman of the subcommittee that dealt primarily with aid to Nicaragua in 1986.

MS. MORRISON: No, Mr. Oliver. I'm not prepared to have political axes ground here off the backs of my clients in connection with matters not relevant to the mandate of this committee.

MR. OLIVER: I'm sorry, but that has absolutely no relevance to this committee, and there are no political axes being ground here, Counsel.

I would hope I would withdraw that statement. It's improper and irrelevant.

MS. MORRISON: I am relieved to hear your statement, Mr. Oliver.

Can we move to a subject that is relevant?

MR. OLIVER: I'm on a subject that is relevant.

BY MR. OLIVER:

Q Mr. Smith, I would like to ask you once again, were the organizations that you worked for in 1986 engaged in attempting to influence congressional support for aid to the Freedom Fighters in Nicaragua?

A That would have been the hopeful results of the work through Sentinel. And if the educational efforts by the National Endowment caused private citizens to think about this issue and then form their own opinion, then it stands to reason they might call their Congressman or Senator and

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say, hey, I want you to vote this way or that way on this issue, and that conceivably could influence congressional opinion.

. Q Which employees at the organization of which Mr. Channell was the head, or the president, or the chairman, which other employees were engaged in soliciting funds for the Central American Freedom program?

. A Mr. Littledale--no. Wait a minute--yes, Mr. Littledale, and Ms. ~~[illegible]~~ ms Laughlin and, I believe, that's it. Perhaps, Mr. Fred Freed.

I'm trying to remember when various staff people came on board with relation to what was going on at the time they came on board. I think that is about it.

. Q Did the Central American Freedom program include in addition to television ads and lobbying, as I believe you have testified earlier, include any other methods of public relations activities that were designed to influence the vote in the Congress?

. A Not to my knowledge.

If you could be more specific.

. Q Do you know Edie Frasier?

. A I know who she is. She is with Minor, Frasier and Gabriel. It's a ~~RF~~ PR firm.

. Q What was their relationship to Central American Freedom program?

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. A I was not aware that she had one in the Central American Freedom program.

. Q Do you know whether or not she was a subcontractor to one of the Channel organizations during that period of time in early 1986, when the vote was pending in the Congress?

. A You mean her firm, or herself, or her personally?

. Q Either one.

. A No. This is totally ~~k~~new to me.

I mean if it was, and it was, you know, in some way that it wasn't apparent, maybe. But the only thing Edie Frazier did was she was involved in the Nicaraguan Refugee Fund in the very beginning in 1985, was my understanding.

. Q Were you aware that Bob and Adam Goodman were involved in the Central American Freedom program?

. A They were involved in producing the television ads.

. Q For the Central American Freedom program?

. A Yes, sir.

. Q Did you work with Bob and Adam Goodman on the Central American Freedom program?

. A No, sir, I did not.

. Q You indicated earlier that you had met with Adam Goodman in relation to some billing discrepancies that were pointed out in late 1986, I believe; is that correct?

. A Yes.

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. Q Why were you meeting with Adam Goodman?

. A It was probably the whim of the moment with Spitz. He wanted someone who was trying and straighten this out. It was a very confusing problem.

No one seemed to know how to get to the center of it and figure out what the billing problem was, and he suggested that I maybe try and figure it out.

. Q Had you worked with him previously on billing?

. A No, sir.

He might have asked me since I had been one of his staff members who had been with him the longest and perhaps he trusted me to try and go work it out.

. Q Do you know Dan Kuykendall?

. A Yes, sir.

. Q How do you know Dan Kuykendall?

. A Well, Dan Kuykendall is one of the finest persons I have met since moving to Washington, and he is a former Congressman who now is a lobbyist with his own lobbying firm.

. Q Does he do anything other than lobby professionally, that you know of?

. A Well, he hires clients, and at one time he was working with Mr. Channell's organization.

. Q You say he hires clients?

. A He hires himself out.

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Q To lobby?

A It is my understanding, to get things done in Washington.

Excuse me one moment please.

Q We were talking about Dan Kuykendall.

What did Mr. Dan Kuykendall do for Mr. Channell in relation to the Central American freedom program, if anything, if you know?

A At that time I believe Mr. Kuykendall was--whether it was employed or not, I don't know, but connected directly with Mr. Miller and IBC, and was sort of a subcontractor of IBC, and as a result, I'm not aware of what specifically he was doing. I think that he was probably one thing he did was an information gatherer about opinion on the Hill regarding certain issues.

But other than that, I'm not familiar in any substantive way with his specific duties.

Q What kind of work did you do with Mr. Kuykendall?

A I engaged in no substantive work with him. I just talked to him on the phone from time to time, when Spitz wasn't around and he as trying to find him.

But when it came to the--any strategy that went on between him and the organization run by Spitz Channel, Spitz handled that.

Q Was your relationship with him one of--a social one or a professional one?

A Professional.

Q In what sense?

A In that I know him as a result of my work and not outside of work in a social context.

Q Was he involved in fund raising for any of Mr. Channell's organizations?

A To my knowledge, he never solicited funds for any of Mr. Channell's organizations.

Q Your primary responsibility was fund raising?

A Yes.

Q What was your professional relationship with Mr. Kuykendall if it was not fund raising?

MS. MORRISON: Mr. Oliver, I think you are trying to play a semantic game with the witness. He has said he considered the relationship professional and not social, because he knew Mr. Kuykendall only from his work and not in social context.

He has described to you he did no substantive work with Mr. Kuykendall but talked to him from time to time when Mr. Kuykendall would call looking for Mr. Channell.

MR. OLIVER: Counsel, he's testified earlier that Mr. Kuykendall was one of the finest persons that he had met since coming to Washington. He also testified his relationship with him was professional.

I'm just trying to determine what the professional relationship with Mr. Kuykendall was.

THE WITNESS: In reference to what I said about my high feelings of regard for Mr. Kuykendall, that comes from having been around him in a professional setting when he would be over at the office meeting with Spitz, or he perhaps might be at a meeting that I was at a luncheon, or something in which I was there attending also, and during this time I just have come to know him, his background, what he stands for, which is very much what I stand for, and I regard him as a political fighter, and I admire that very much. That's why I said that I admired him.

In my daily work on a day-to-day basis at the National Endowment, or the American Conservative Trust, or any organization, I did not have an ongoing set of responsibilities that required me to work with Mr. Kuykendall to any specific project.

BY MR. OLIVER:

Q When did you begin to work with Mr. Kuykendall in such a way that you could determine that he was a political fighter.

A I guess I met him originally through--came to know about him through his relationship with Rich Miller, and that would have been--I don't think that I--well, probably late '85 or early '86.

. Q You testified earlier that you ended your employment with Mr. Channel in May of 1987; is that correct?

. A Yes, sir.

. Q In 1987 were you raising funds for any projects that were related to Nicaragua?

. A In 1987, Nicaragua?

I believe there was a little bit of fund raising that went on in February with some efforts to try and do some things through Sentinel.

. Q What things were you going to try to do through Sentinel?

. A I believe it was going to be some newspaper ads on the Freedom Fighter vote. I believe that was Sentinel. I'm not sure.

. Q In 1987?

. A Yes, sir.

. Q Did you raise any funds for any activities that related in any way to this investigation?

. A That related to this investigation?

Could you say what you mean a little better?

. Q Did you raise any funds for the Oliver North Defense Fund?

. A Oh, yes, I did.

. Q And what did you do with those funds?

. A Well, they were ultimately returned to the contributors.

. Q Did you raise any funds for any lobbying activities related to this investigation?

. A Not to my recollection.

. Q I have no further questions.

. MR. FRYMAN: No further questions.

. BY MR. BUCK:

. Q Mr. Smith, I just have a few questions.

I wanted to clarify some of the previous testimony without trying to beat any horses to death.

Earlier in your testimony I believe a maul airplane was described as a transport plane. I don't know whether Mr. Fryman or yourself characterized it that way.

What is your exposure to a maul airplane? Have you actually seen a maul airplane?

. A No.

. Q Have you seen pictures of a maul airplane?

. A Yes.

. Q How many people can sit in a maul airplane, if you know, from the pictures you have seen?

. A It's my recollection that it can seat as many as you put the seats in there, like maybe 8 or 10. If you take the seats out then that's what you use that area as a cargo bay.

. Q Okay. I believe you testified earlier also that Inman Brandon gave a contribution to you for Mr. Channell's organization?

. A You are referring to the January '86 solicitation when he gave $100,000?

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[2:15]

. Q Correct.

. A Well, yes, it was a solicitation in which Mr. Channell solicited the grant.

. Q It was $100,000 and it was for a specific purpose?

. A To my recollection, it was for missiles.

. Q What does Mr. Brandon do for a living?

. A He is a retired attorney.

. Q But he was an attorney at one time?

. A Yes, sir.

. Q Do you know how long he practiced?

. A A very long time. He is 81, I believe, now, and actually he is not retired. He probably has been a lawyer 50 years.

. Q Do you know anything about the law firm he is with? Is it a large law firm?

. A Yes, sir.

. Q Prestigious law firm?

. A I think so.

. Q In Atlanta, Georgia, is that correct?

. A Yes, sir.

. Q Did he ever raise any questions about the tax

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deductibility of the donation that he was giving? Did it concern him that he was giving money for weapons and did he raise any questions about the tax deductibility for contribution for weapons?

. A It did not seem to be a matter of great concern to him.

. Q When did you become aware that contributors could meet with the President?

. A That would have been after Mr. Fischer was retained to assist in matters in that area, and that would have been--I'm sorry, I can't remember when. Sometime in the past two years. What is your name again?

. Q My name is Ken.

. Who would make a decision whether a contributor would meet with the President or not?

. A Mr. Channell.

. Q Do you know what the basis for that decision was, or if there was more than one?

. A It would be a contributor who was very committed to whatever project we might be working on, in most cases, Nicaragua, and usually someone who had been financially active in supporting that cause.

. Q Was it strictly a dollar amount that determined whether someone could meet with the President or not?

. A I have heard, and I honestly don't know where, that

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there was some speculation that in order for one of our contributors to meet with the President, they had to give a certain dollar amount, and I never knew that to be a rule, and I never knew what the dollar amount was.

. Q But to your belief, there were other factors than just money that went into determining whether somebody met with the President?

. A Yes. It would have tobe someone who was--I mean, you know, someone who was politically active and who would appreciate that opportunity, given the contacts that they were working on a project that the President very much believed in himself.

. Q Was the Antiterrorism American Committee involved in fund raising for the freedom fighters?

. A No, sir, not to my recollection.

. Q Did Colonel North have any direct involvement in the Antiterrorism American Committee?

. A No, sir, never, not to my recollection.

. Q Are you aware of any money that was used by the Antiterrorism American Committee that was received from a diversion of profits from the Iran arms sales?

. A Absolutely not.

. [Whereupon, at 2:20 p.m., the deposition was adjourned.]

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TRANSCRIPT OF PROCEEDINGS

SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
U. S. HOUSE OF REPRESENTATIVES
AND
SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION
UNITED STATES SENATE

* * *

Unless marked Ⓓ, all changes are & ~~edit~~ nonsubstantive edits to transcript

Deposition of ABRAHAM D. SOFAER

* * *

Partially Declassified/Released on 24 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1315

Washington, D. C.
June 18, 1987

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SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
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and
SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION
UNITED STATES SENATE

Washington, D.C.
Thursday, June 18, 1987

The deposition of ABRAHAM D. SOFAER, called for examination in the above-entitled matter, pursuant to notice, in the offices of the Senate Select Committee, Room 901, Hart Senate Office Building, Washington, D.C., convened at 3:06 p.m., before Pamela Briggle, a notary public in and for the District of Columbia, when were present on behalf of the parties:

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APPEARANCES:

On Behalf of the Select Committee on Secret Military Assistance to Iran and Nicaraguan Opposition of the United States Senate:

MARK BELNICK
Executive Assistant to the Chief Counsel
-and-
TERRY SMILJANICH
Associate Counsel
Room 901
Hart Senate Office Building
Washington, D.C.

On Behalf of the Select Committee to Investigate Arms Transactions with Iran of the U.S. House of Representatives:

TIMOTHY E. TRAYLOR
Special Agent
Federal Bureau of Investigation
1900 Half Street, S.W.
Washington, D.C.

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PROCEEDINGS

Whereupon,

ABRAHAM D. SOFAER

was called for examination by counsel, and having been first duly sworn by the notary public, was examined and testified as follows:

EXAMINATION

BY MR. BELNICK:

Q Good afternoon, Judge. By way of background, you've had a distinguished career and I just want to go over some of the highlights.

Prior to becoming legal advis~~o~~er you've been a prosecutor?

A Yes, I was a federal prosecutor from 1967 to 1969.

Q And subsequent to that?

A I was a law professor at the Columbia Law School for 10 years, '69 to '79.

Q And then after that you became a federal judge in the Southern District of New York?

A That's correct.

Q And served on the bench until?

A The district court until 1985.

Q And you've been the legal advis~~o~~er at the U.S. State Department from that time until now?

A Correct.

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Q Judge, when was the first time--I want to question you about the Iran initiative, but let me take a small subject up first. You're familiar during 1985 and 1986 with the existence of a restricted interagency group at the State Department that dealt with Latin American affairs including Central America, correct?

A Yes.

Q And that was chaired by Assistant Secretary Abra~~h~~ms?

A I had heard about it. I don't know anything about its operations.

Q Did you know who the members of that RIG were?

A No.

Q Was the legal advis~~o~~er's office represented on that RIG?

A No.

Q Was there a desire on the part of the legal advis~~o~~er's office to be represented on that RIG?

A Yes.

Q Did you take actions to achieve such a result?

A I didn't take any actions. I asked my principal deputy, Michael Kozak, who is a long time associate of Jim Michael, who had become the principal deputy in ARA, to take up with ARA the question of getting legal representation on the RIG, and generally getting more legal input into the Central American policy.

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Q And approximately when did you ask Mr. Kozak to pursue that?

A I believe I started asking him and complaining [redacted] and [redacted] talking to him about the subject within months of my arrival in the State Department, late '85.

Q This would have been sometime in the fall?

A In the fall of '85.

Q By that point Elliot-Abra~~h~~ms was ensconced as Assistant Secretary for ARA?

A Yes.

Q Did Mr. Kozak report back to you on the results of his inquiries?

A Yes, he said that it was unacceptable.

Q What was unacceptable?

A To have a member of the legal adviser's office to be a part of the RIG.

Q Did he tell you--did Mr. Kozak tell you who had advised him that it was unacceptable?

A I don't recall.

Q Did you pursue it thereafter?

A No, I didn't. I, first of all, assumed that if there were any legal issues they would be brought to me. And Kozak, of course, told me that that would be the case, that we were given that assurance.

And furthermore, while I wasn't told whether Jim b7

Michael was involved in Central American issues or not involved in Central American issues, I assumed that his presence in ARA was a responsible factor in not having to have other lawyers participate, he being far more experienced that either Kozak or me.

I did not regard him as a substitute for the legal advisor's office.

Q You still would have preferred to have your office represented?

A Absolutely. I frequently told Kozak that I thought that Jim Michael's presence in ARA was a liability for us, the legal advisor's office, because it could mean potentially that people would use Michael for legal advice instead of us.

Q Did you ever discuss the RIG and your desire for representation on it directly with Secretary Abrahms?

A No.

Q Do you know who the members of the RIG were?

A Not at that time. After October 1st, 1986 I did.

Q And how did you learn--after October 1st, 1986 there was a change in the nature of the RIG?

A There was a change in the legislation that led me to renew my interest in having a representative of the legal advisor's office be present at policymaking sessions about Central America.

Q This was once Congress restored the aid and came in with $100 million, that package?

A It wasn't that. It was the fact that the legislation for the first time [redacted] expressly made the Secretary of State [redacted] responsible for Central American policy.

Q And after that you had a discussion with Abra~~h~~ms about legal being represented on the RIG?

A Yes.

Q And he agreed to it?

A Yes.

Q And you are represented on that RIG now?

A Yes, as far as I know, yes. I think Olson sits in or Kozak.

Q Let me turn now to the subject of Iran. Prior to the disclosures of an American involvement with arms to Iran, the disclosures of November 1986, had you been made aware of what we now call the Iran initiative?

A Prior to November 1st, 1986, I was unaware.

Q You had never received a briefing from the Secretary or any of his advisors on that program?

A On no occasion.

Q What was your first official involvement in matters pertaining to the Iran initiative subsequent to November 1, 1986? And if you want to use your notes to refresh your recollection, that's fine.

A It was on November 18th, 1986 when a conference was called by the White House counsel related to the Iran arms issue.

Q Who was at that conference, do you recall?

A Wallison was there, who was White House counsel; Cooper; Thompson, Paul Thompson of the NSC; Dave Doherty, CIA general counsel; and a couple of other people may have been there. But those people were definitely all there.

Q And this meeting was at the White House?

A Yes.

Q And by whom had the meeting been called?

A I seem to recall that it was Wallison.

Q Tell us what you recall having transpired at the meeting. And you're free to refer to your notes if that helps.

A Thank you. Wallison said that we needed the facts relating to the arms sales to Iran. By that time it was clear that such sales had occurred. Initially, [redacted] denials were published in the press and even I was doubtful that it was true. But by then it was quite clear that it had occurred. [redacted] There was going to be a press conference [redacted] with the President. And Wallison, as his lawyer, no doubt wanted to know more about it. [redacted] One of the major lessons I learned at that meeting was that he knew as little as I did.

At that meeting I found that Cooper--

Q Now that's Chuck Cooper from the Justice Department?

A Yes, Chuck Cooper who is Assistant Attorney General in the Department of Justice. And Paul Thompson of the NSC, and to an extent, Doherty, although he didn't say as much, they knew a lot more than Wallison did.

Cooper's knowledge, however, seemed to be related to the legal issues. He explained that there was a finding adopted on January 17 or so of--

Q This is Cooper now?

A Cooper. And that from January '86 on all activities were pursuant to that finding and all arms shipped were pursuant to the Economy Act. At least this is my understanding. It may have been Thompson who said this, but I think Cooper already was aware of a finding. I'm not sure.

Q Did Mr. Cooper say for how long he had been aware?

A No, he didn't.

Q Did you understand--did he give you the impression that he had known about it all along?

A No.

Q Or that this was something he had just found out in the course of--

A He gave me the impression that he had been assigned the job of figuring out the legal issues involved. And he had looked at a 1981 opinion that was written by the legal advis~~o~~er. Actually it was written by Jim Mich~~a~~el, signed off by the legal adviser, and sent over to Attorney General Smith who had approved it, relating to the transfer of certain arms.

[redacted]

Q Judge, you've said and your notes indicate that Peter Wallison, then the President's counsel, said at the meeting that he needed facts and that he couldn't give advice without the facts, correct?

A Yes.

Q Who was he asking for the facts?

A He was asking Thompson essentially, and to an extent, Cooper.

Q And what was Thompson's response?

A Thompson said that on that day the White House was going to [redacted] brief [redacted] Intelligence Committee staff on the Hill. [redacted] We pressed him for at least as much information as he was going to give to the congressional staffers and he refused.

Q Did he tell you why?

A He said that Poindexter had instructed him not to give out any information to anyone who didn't need to know it. [redacted] Our position was that, in order to advise our clients on the legal issues involved, we did need to know it. And at a minimum, we should be told what was going to be told to staffers.

Q And he continued to refuse?

A Flatly refused, with considerable embarrassment.

Q But on instructions, as he put it, from Admiral

Poindexter who was then the President's national security advisor?

A Yes. He also said that--

Q Just so I get this straight, being a civilian. Paul Thompson was then counsel to the National Security Council?

A He was counsel to the national security advisor. I don't think he had the same rank or title that Paul Stevens has now.

Q Let me ask you. Do counsel to different departments, such as the National Security Council or the legal adviser himself, your position, do they have each as their ultimate client the President of the United States?

A Absolutely.

Q And Peter Wallison--

A Particularly someone like myself who's nominated by the President.

Q So that in addition to being the legal adviser to the Secretary of State, you're also one of the President's lawyers?

A Yes.

Q And the same would be true of Thompson for that matter?

A I would say so.

Q And certainly Peter Wallison directly was counsel

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to the President, correct?

A Correct.

Q And you're telling us that at this meeting counsel to the President was asking another counsel to the President [redacted] for facts so that he could give the President advice and Thompson said, no, on orders from Admiral Poindexter?

A Yes.

Q Didn't you find that unusual?

A Absolutely.

Q And disturbing?

A Very disturbing. He gave as his reason that the lawyers who needed to work on the issue--and I gathered by that he meant Doherty in the CIA and Cooper from the Department of Justice--had been briefed adequately to work on the issue. And that [redacted] those were the people in charge of legality as he put it.

Q According to Thompson?

A Right. And he said that from the political point of view that things seemed calm and the committees seemed to be accepting the position of the White House and there was really no need to get the issue more broadly briefed.

Q Did you make any comment in response to that position?

A Well, I thought that Wallison was right and that we

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should get more information. But I did say that they could handle it that way. They could choose to restrict access to the facts to the Attorney General and his designee, and the CIA director and his designee.

But that as a result of that, they could not look to us for legal opinions at all. That [redacted] the Attorney General would then bear the full role with respect to the legal issues. He could not look to the Department of State and the legal advis~~o~~er's office, or to White House counsel for that matter, for legal support.

Q Did Thompson or Cooper make any response to that as you recall?

A His response was that people are learning--

Q This is who, Thompson?

A Thompson. That people are learning that this is an intelligence operation not an arms sales as such, and they're calming down.

Q Now your notes indicate that you asked whether the usual vetting process would be followed. What did you mean by that?

A There is a process for all findings and intelligence activities that [redacted] before they go to the Hill they come through the agency process. [redacted] Now that they were going to brief the Intelligence Committee on this, would we be briefed on it, would we find out about it in the usual manner, would we be involved in the process of analyzing the issues as we went along? And he said he assumed that we would.

Q That was Thompson again?

A Yes.

Q Now you had said that Cooper, when he was giving some statement of facts that he had learned, mentioned the finding that the President had signed sometime in January 1986, correct?

A I believe it was Cooper.

Q Did Cooper mention any other finding that the President signed in connection with Iran?

A No.

Q Did Thompson mention anything about findings?

A No.

Q Was there any--

A But Thompson knew about the finding also and he mentioned [redacted] the same finding. He confirmed that there was such a finding.

Q Did he mention [redacted] any other finding?

A No.

Q Was this the first time you had heard that there was any finding relating to an Iran initiative?

A Absolutely.

Q Was there any discussion at this meeting on November 18 of specific shipments? I notice on the next to the last page of your notes there seems to have been some discussion, if I'm right, about the September arms transfer. And I assume that was September '85 unless you tell me otherwise.

A Yes.

Q What was that discussion?

A There was a statement that the finding was in January, and there were two issues that arose. One was a post-August '86 shipment--at least one that was concluded after August '86 when a new law took effect--and its legality despite the finding. And pre-January '86 shipments of which I was told there was one which had gone via Israel in September '85.

Q Who said there had been that shipment?

A I don't recall who said it exactly, but it's quite clear it was said at that meeting. Let me see if my notes reflect that.

Yes, Thompson said it. It was a September shipment through the government of Israel and they transferred--the government of Israel transferred arms to Iran. He described it as [redacted] a transfer of arms by the government of Israel to Iran.

Q Did Thompson give you the impression or did he state that this was the only shipment that had taken place, or only transfer of U.S. arms to Iran that had taken place prior to the finding of January 1986?

A Yes. He didn't say so, but he didn't go into any others. And it was a focus of discussion because that would raise, obviously raise a very serious legal question. The finding was in January, what happened before the finding?

Q And his answer to the question, what happened before the finding was the September transfer?

A Well, it wasn't as much an answer to the question. He was the one who mentioned the September transfer. And then when the issue of our role arose, I pointed out that there were real legal questions involved irrespective of what he might think. And one of them was the September transfer.

Cooper said, for example, you see on page 3 of my notes, Wallison says, without the facts what is the legal analysis? How can we do this? Cooper says, we're still studying it. Then I raised the question, what about the September transfer?

And what I was saying was, you may have a good explanation for the shipments after January because they occur under the Intelligence Act rather than the Arms Export Control Act, but what about prior to January? What's your explanation for that September shipment that Thompson had mentioned?

Q And that was the shipment that he apparently mentioned early in the meeting judging by your reference on the first page of your notes. That there had been a September shipment The government of Israel transferred arms to Iran. And then he says, finding January 17, 1986?

A Precisely.

Q So as far as you understood from what Thompson said, that was the only transfer that had occurred prior to the January '86 finding?

A Right.

Q And Thompson did not tell you that he knew otherwise?

A Basically what I said--in fact on my last page you can see, the last page of the notes--I said to him, you would have to look to the AECA--

Q The Arms Export Control Act?

A Yes, with respect to the September '85 finding. And then I asked him, did the President approve it, because then it would depend upon Presidential approval under that statute. And of course, then later I found out that there might be an argument for an oral finding by the President.

In either event, whether the President had approved that finding would become a major legal question.

Q That transfer?

A That transfer, right.

Q Did Thompson answer whether he had approved it?

A No.

Q He didn't answer one way or the other?

A No, he didn't at that time.

Q On the last page of your notes, Judge, there's an indication that Thompson said, total value about $14 million.

A That's correct.

Q What was he saying?

A He was saying--it was really addressed to the Arms Export Control Act issue, because I knew that the reporting requirement under the Arms Export Control Act depended in part upon the total value of the arms that were either shipped directly or transferred by a third country.

Q And Thompson was telling you that the total value of the arms shipped to Iran in this whole program was about $14 million?

A Correct.

Q Did he tell you anything about how the arms had been priced?

A No.

Q Give you any information on that?

A Not at that time.

Q So if I understand correctly, the overall impression that Commander Thompson at least tried to convey was that he couldn't give much information, that he was under instructions from Admiral Poindexter not to give information, but that this was really no big deal, it was under control?

A That's right.

Q Generally speaking.

A Yes.

Q When the meeting ended, did you have a conversation with Mr. Wallison about what the two of you had just heard or not heard?

A Yes. I told Wallison that I thought this was extremely serious.

Q That what was serious?

A That we had not been briefed. And that they were going to say things to Hill staffers that they weren't telling us--shocking. And that it was particularly serious from his point of view because he was the President's counsel and that he should act accordingly.

He [redacted] agreed with me, and he asked Thompson to remain at the end of the meeting to talk to him.

Q Were you there when Wallison spoke with Thompson?

A No, I left the meeting.

Q Were you then notified that Poindexter would see you later that day?

A That's correct.

Q You received a message that you and Undersecretary for Political Affairs Armacost could see Poindexter, as I understand it, at 6:00 p.m. for a briefing on the Iran program?

A That's right.

Q And did you and Secretary Armacost go to the west wing at 6:00 p.m. on ~~June~~ November 18th?

A Yes, we did.

Q You met with Admiral Poindexter?

A Yes.

Q Was anyone else there?

A Thompson.

Q The four of you?

A Yes.

Q And could you recount for us what transpired at that meeting? And again, please feel free to refer to your notes. And I know we also have a memcon prepared by you of that meeting which we can mark. But I'd like you first to go through your recollection and notes of what happened.

A Poindexter presented a review of some of the facts relating to these transfers. And he did--undoubtedly he was referring to what appeared to be a chronology. ~~And~~ At one point, in fact, it came out that he was referring to a chronology, so I was confident that he was referring to a chronology.

Q Did he show you that chronology?

A No, he did not. At some point

either I or Armacost asked whether we could see the chronology and we were told we could not.

Q Did he say why not?

A He didn't say we couldn't ever see it. He conveyed the impression that right now it wasn't complete, and we got the sense that perhaps in due course we would be seeing it. Keep in mind that this was the first briefing that I was receiving, so anything that I was getting was more than I had gotten before, so we were not complaining.

He then gave us a relatively sketchy outline of what had happened. And it was not given in strictly the chronological order that is reflected in my memcon.

Q While we're referring to ~~[illegible]~~ the memcon, let me mark as Sofaer Exhibit 1 this document.

[Sofaer Exhibit No. 1 was marked for identification.]

BY MR. BELNICK:

Q And ask you, Judge, if this document so marked is your memorandum of conversation of the November 18 meeting with Armacost, Poindexter and Thompson?

A Yes, it is.

Q And this summarizes in more or less chronological order what you were told by Admiral Poindexter, albeit not in chronological order at that meeting?

A It wasn't entirely in chronological order. He jumped around, but I tried to keep it in chronological order.

Q Looking at this memorandum of conversation, the only pre-January 1986 transfer of U.S. arms to Iran that is referred to is a transfer in September 1985, numbered paragraph 3 of your memcon; is that correct?

A That's correct.

Q And is that your recollection? Namely, that that was the only pre-1986 transfer that Admiral Poindexter told you about?

A Yes.

Q That was the same one that Commander Thompson had told you about earlier in the day?

A Yes.

Q Was there any mention at this November 18 meeting of the fact that there had been a transfer in November 1985?

A No.

Q Was there any mention at this meeting that there had been a transfer of Hawks prior to January 1986?

A No.

Q What do you recall--

A Another significant thing that occurred was he showed us the finding. I read the finding and Armacost read the finding.

Q Now I want to go over that. That's what I was just about to go into. Admiral Poindexter had the finding with him?

A Yes.

Q This meeting was in his office?

A Yes.

Q Did he have the original finding?

A The original.

Q Where did he take it out from?

A Out of his safe it looked like.

Q And it was with the blue ink?

A He might have had it on his desk already, but I seem to recall that he asked Thompson for it and Thompson got it and gave it to him.

Q And again if you'd bear with me, do you recall where Thompson got it from?

A I don't.

Q But your recollection is that Poindexter said to Thompson, I want the finding and Thompson produced it for him?

A That's my vague recollection, yes.

Q And then it was displayed to you and Secretary Armacost?

A Right. And it was the original. That I recall clearly.

Q Do you remember the date?

A January 17th.

Q Were you shown any--January 17th, 1986?

A Yes.

Q Were you shown any other finding?

A No.

Q Were you told whether there had been any other finding?

A No.

Q Was there any discussion with you of any proposed or actual finding that had been submitted to the President in 1985?

A No. There was some discussion about whether the President had approved the September 1985 shipment.

Q And what was said about that?

[Off the record.]

THE WITNESS: [redacted] We had a discussion about what [redacted] McFarlane said and what [redacted] the President knew about this policy. And McFarlane said he expressed to the Israelis--this is what Poindexter was telling us—he made clear that the U.S. would not trade arms for hostages, refused expressly to sanction the shipment, the first shipment. [redacted] Then McFarlane said, he had a strong interest in establishing a channel to Iran.

And in response to a question from Kimche, he opined that the U.S. government would not stop selling arms to Israel if a transfer occurred. [redacted] Then Poindexter said that he, McFarlane, apparently informed the President of this action.

BY MR. BELNICK:

Q And as best you recall, that's what was said at that meeting concerning pre-January Presidential approval of the transfer?

A Right. And from that I would infer that the President had approved of the policy that McFarlane had articulated. That is, we're not approving of any of your specific arms sales, but if you do it, we're not going to cut you off; Congress is not going to cut you off.

Now there was also mention of Hawks. You'll see that in my notes. But [redacted], if anything, it indicated that [redacted] no missiles are involved. It was parts, 240 line items, spares, et cetera, for Hawk air defense batteries, ~~and then~~ which, Poindexter said, ~~which~~ U.S. experts believe will prove useless.

Q But no mention that actual Hawk missiles themselves had been shipped?

A Correct.

Q And just so the record is absolutely clear, no mention by Poindexter or Thompson of any transfer pre-January 1986 other than the September transfer of TOW missiles via Israel to Iran?

A Correct.

Q Did you mention to Admiral Poindexter at this

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meeting or question him as to why he had been taking the approach that you shouldn't be getting all the facts, and that those facts should be confined to those on the Hill who get the briefing?

A Not in those terms. But we did press him for information. We asked him whether there were any memcons of their conversations with the Iranians and others; [redacted] And he mentioned, in fact, that there were tape recordings of meetings with Iranians in the White House.

~~And~~ We asked for transcriptions of all these things, ~~and~~ for more information.

Ⓓ

Q Did Poindexter or Thompson tell you at the November 18 meeting anything about the involvement of private parties like Richard Secord or Albert Hakim in this transaction?

A No.

Q I believe there is a reference, if you look on the last page of Sofaer Exhibit 1, your memcon page 3, that apparently Admiral Poindexter said--I'm looking at the third paragraph--"Iran paid in advance for these shipments to Israel which paid the U.S. government through a proprietary. Poindexter assumed that the arms merchant took his profit, but does not know how much was paid by Iran, only how much was paid to the CIA and DOD."

Did Poindexter tell you anything more about who the

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arms merchant was?

A No.

Q And again he didn't mention Secord, didn't mention Hakim?

A No.

Q Did he tell you anything more about the pricing of the arms, other than what's reflected in this paragraph?

A No.

Q And he did not tell you on November 18, I gather, that any portion of the proceeds of the Iran arms sales had been diverted to or for the benefit of the contras?

A No.

Q Nothing like that came up?

A Nothing like that.

Q And the only finding he told you about and led you to believe existed was the finding of January 17, 1986?

A Correct.

Q When that meeting was over did you feel that you then had the whole story?

A No.

Q Why not?

A Because I've heard lots of whole stories in my life.

Q All right, we'll go on. I just want to clear up, there is another version of the memorandum of conversation of your November 18 meeting with Armacost, Thompson and Poindex-

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ter I'll mark as Sofaer Exhibit 2. It's substantially similar to the one we've marked as Sofaer Exhibit 1.

[Sofaer Exhibit No. 2 was marked for identification.]

BY MR. BELNICK:

Q Judge, would you just describe what the--is Sofaer Exhibit 2 the version of the memcon of that meeting after Secretary Armacost edited it or added some of his comments?

A I don't know what Chris Ross did.

Q Chris Ross is Armacost's assistant?

A Chris Ross is Armacost's assistant. He took what I had done plus other information that he had available to him [redacted] [redacted]--it may have been recollections by Armacost of the meeting that I didn't have in my version— and [redacted] he wrote this. [redacted] I thought for a complete record you ought to have it.

Q And you've looked at it. Is it substantially similar to your version?

A It is. There might be some differences. I haven't looked at it with great care. I think that there are no material differences. There might be ex~~p~~cla~~n~~mation points in some places. [redacted]

Q Look on the second page, if you would please, of Sofaer Exhibit 2. You see the handwriting in the margin, December 1985. Whose handwriting is that?

A I don't know

Q How did the meeting with Poindexter and Thompson end on November 18?

A Cordially.

Q You and Secretary Armacost urged, as I gathered from the memcon, that they make sure the witnesses who will soon be appearing, tell the complete story and be utterly truthful?

A That was my particular concern because I was already very concerned about the way in which things were being done. ~~And~~ We were there, in part, because we knew that Casey was going to testify that Friday. We asked Poindexter to please be sure to see to it that we got to look at Casey's testimony before it was given on Friday.

I think I told him--I have here what I told him. That the witnesses had to be very carefully prepared.

Q This is the last paragraph of Sofaer Exhibit 1?

A Right. And in fact it says here, especially those related to activities prior to January 17, and that those things should be answered--all questions should be answered truthfully.

Q All right. Do you recall the President had a press conference the next evening, November 19th?

A Yes.

Q And do you recall that there was then a meeting that you participated in at the State Department on the morning of the following day, that is Thursday, November 20?

A Yes.

Q This was a regular morning meeting with the Secretary of State?

A Yes.

Q And the Secretary of State called you over after that meeting?

A Yes.

Q And what did he say to you concerning the Iran matter?

A He told Charlie Hill in my presence--

Q And who is Charlie Hill for the record?

A His executive assistant. He told Charlie [redacted] to [redacted] brief Armacost and myself about the arms sales to Iran and all the information that he, the Secretary, might have about those sales.

Q Did the Secretary indicate that by then he had read your memo of the November 18 session with Poindexter and Thompson?

A No, but he might have.

Q Did Charlie Hill then give you the briefing?

A One additional fact. And that is that he knew that Armacost--

Q He is?

A The Secretary knew that Armacost and I were going to review the draft of Casey's testimony prior to Casey's testifying. And I'm sure that he had it in his mind that we should know what he knew--what the Secretary knew--in evaluating that draft.

Q Did you then proceed to a briefing with Hill?

A Yes.

Q This was in Hill's office?

A We started the briefing in Hill's office, and it went on for a considerable length of time with Hill reading from a summary based on his notes. I have a set of notes of that.

Q Please refer to them. In the course of that briefing, did you learn from Hill that there had indeed been a pre-January '86 transfer of weapons in addition to the September '85 transfer that you had heard about from Poindexter and Thompson?

A Yes, I did.

Q What did you learn?

A I learned that on November 18th, 1985 several things happened. One was a story about Ollie North stumbling on a warehouse in a certain country. And then a call from Bud McFarlane to the Secretary, or a conversation in which he said that the hostages, American hostages in Lebanon were going to be released on November 20th.

He said that Israel would fly 100 Hawks to

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[redacted] and transfer them to another plane. If the hostages were released, the plane would fly to Iran. If the hostages were not released the plane would fly to Israel.

Q This was McFarlane talking to Shultz in November of 1985?

A Yes. It was a recorded conversation. I got the clear impression that there was a record of a conversation about that arms shipment in Charlie's notes.

Q And Hill told you also, judging from your notes, that Shultz had approved of what McFarlane told him--or opposed, excuse me.

A Had opposed.

Q Had opposed what McFarlane told him, and McFarlane said nothing further?

A Well, nothing further was said about the whole matter. It later developed that that whole plan fell through. The hostages were not released. But the Secretary was not told that the Hawk missiles were actually delivered to Iran until he was told that they had been returned.

Q Now during your briefing with Hill did someone from the CIA arrive with a draft of Director Casey's proposed testimony for November 21?

A Yes, right in the middle of that briefing. We took a break and Armacost and I went down to his office where we met with David Gries.

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And particularly, was he sure that the CIA and the NSC did not know that these were weapons rather than oil drilling bits.

Q What did Gries respond?

A He didn't know anything really. I don't think he had any personal knowledge of this matter.

Q Did you find anything else in the draft testimony that caused you concern or that you took particular note of?

A Yes. First of all, I saw the prices, the money for the missiles, and it seemed low to me. ~~[illegible]~~ It was either by then or a later ~~that~~ day I started collecting information on the prices of TOW missiles. That was one.

Another thing that I saw that made me skeptical was the assertion that the CIA said they would ~~[illegible]~~ help out, but only this one time. The CIA said they would assist Israel in shipping these oil drilling bits from [redacted] by finding an airline for them or giving them the name of an airline, but this is the only time they would do that without a finding.

~~[illegible]~~ This made me ~~[illegible]~~ skeptical because I didn't see any reason why they would be reluctant to help Israel get the name of an airline if all they were doing was shipping oil drilling bits. So that story did not hang together.

And then I saw the name of Southern Air Transport in the testimony. That made me concerned.

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Q Why?

A I associated that name with Hasenfus or the whole Central American thing. I don't know whether Hasenfus had gone down yet.

Q He had.

A I associated the name with that. And to me it was a red flag indicating a possible connection to Central America.

Q When you finished reviewing the draft which had the reference to Southern Air Transport and oil drilling equipment, did you seek permission to go to the Attorney General?

A Yes, I went to--it was the same day. I think probably there was about an hour's difference between when I learned all these facts and had them mull in my mind.

I went to Charlie Hill and I told him that I thought there was a serious question relating to November and possibly even September. That the pre-January activities were not necessarily known by the Attorney General. That he had given an opinion in January, that he may not have known of any of these pre-January activities. And that it appeared that there was a misstatement in Director Casey's testimony and a story that was concocted.

Whether it was concocted with his knowledge or not, I had no idea. In fact, I knew he was out of the country.

Q Who?

A Casey, while this testimony was being prepared. So I assumed that it was being prepared by his staff. But whoever came up with that story, I questioned its veracity.

And I asked for permission from Charlie Hill, and Nick Platt, I believe was also there at the meeting.

Q Who was Nick Platt?

A Nick Platt was Executive Secretary.

Q At the Department of State?

A At the Department of State. And I asked him permission, in the sense that I had made up my mind to do this, but I always get clearance for a major thing like this. This was a--

Q What were you getting clearance for?

A To call the Attorney General and advise him that the testimony of Casey contained information about a shipment allegedly of oil drilling bits. That I did not believe that statement, and that in Secretary Shultz's notes, which Charlie Hill kept, there was an indication of a shipment in November of Hawk missiles and that McFarlane knew about that.

Q Did you know as of the time, Judge, that you reviewed the draft testimony--that is November 20--whether McFarlane had previously reviewed it?

A No.

Q You didn't know one way or the other?

A No.

Q Going back to your conversation, I assume Charlie Hill gave you permission to contact the Attorney General?

A Yes, he did. With great apprehension, but he did.

Q What did you do?

A I called the Attorney General and he was not in.

Q This was on November 20 still?

A November 20th. [redacted] I then called the Deputy Attorney General Arnie Burns. He was not in, but there was a promise that he would get back to me. He returned my call at around 3:27 that afternoon. I had called him around 2:30. [redacted] I told him [redacted] this information. Then he returned--

Q The information about the Hawks and the draft testimony?

A Right. He returned--let me get that clear now. I called him.

Q You called Arnie Burns?

A I communicated the information. Then he called me back and I returned his call again, and he told me the following. He said, that he had told the Attorney General the information I had conveyed. This is at 3:50 p.m. that day.

Q November 20?

A November 20th. He told me that he had conveyed the information that I had conveyed at 2:30 to the Attorney General about the November 1985 shipment from Israel, about the CIA's testimony concerning a White House urgent request for assistance in that shipment, and the White House NSC denial of such assistance.

By that time I had learned from Gries that the NSC and the CIA had a conflict. That the NSC claimed that they had no information at all about a request for assistance from the CIA concerning an oil drilling bit shipment. And the CIA claimed that their assistance in finding this aircraft was in response to an urgent request from someone in the NSC. So [redacted] a direct conflict existed there.

So Burns said to me that the Attorney General had spent the afternoon working with Poindexter and Casey on Casey's testimony and that he, the Attorney General, was fully aware of the facts I had mentioned. Burns said that the A.G. was profuse in his thanks for my warning and appreciated my motives but that he, the Attorney General, knew of certain facts that explained all these matters and that laid to rest all the problems I might perceive.

Burns said the Attorney General did not give him any facts and that he, Burns, was simply passing on the mysterious, as he put it, assurance that all was well.

Q And so Burns did not know what facts the Attorney General was referring to that he, the Attorney General knew that supposedly explained everything and laid to rest all the problems?

A Correct. Burns was just acting as a messenger.

Q And he himself found the assurance from the A.G., in his words, mysterious?

A He used that word.

Q Did you speak to anyone else on November 20 about your concerns regarding the draft testimony of Director Casey?

A I reported on this conversation to Charlie Hill and perhaps Nick Platt also, and told them that I was going to call the White House counsel.

Q They said fine?

A Not quite in that spirit.

Q In any event, they said okay?

A Let me make it clear that I was not asking them for permission in the ordinary sense of the word.

Q I understand that.

A I knew what my obligations were to the President and to the law, and it was a question of simply telling them what I was going to do. That I was not satisfied with the answer I had gotten from Burns and that I was determined to tell Wallison.

Q Let me make one thing clear for the record. We're not going to mark your notes, but the notes that you've been referring to of these conversations, including your notes of the Burns conversation on November 20 are contemporaneous notes that you made at or about the time the events and the conversations took place?

A Most of them are. The [redacted] conversation with Burns was particularly carefully written down because I felt it was an important conversation and I wanted to be very careful as to its accuracy.

Q And that's the conversation to which you've just testified making reference to the notes, correct?

A Yes. I think I read them.

Q Now did you call Peter Wallison on November 20?

A Yes, I did.

Q Tell us about that conversation.

A I called Wallison after speaking to Burns and then going and telling the people upstairs that I was going to call Wallison.

Q I take it you weren't satisfied in hearing that the Attorney General knew of some unknown facts that explained everything and laid the problems to rest?

A No, I was not satisfied. I was not speculating in my mind as to what had happened, but obviously one of the possibilities I had in mind was that people in the NSC or others, Casey included, had convinced the Attorney General of a story that I might find unconvincing.

Q So you feared that there may be a cover-up in progress?

A I was very afraid.

Q Now tell us, please, about your November 20 conversation with Peter Wallison.?

A I called Wallison, it must have been around 4:00. And I told him everything that I had learned up to that point. I told him that he was the President's lawyer, that I felt an obligation to tell him these facts. That I had reviewed the CIA testimony. That I felt that it included a false story about oil drilling equipment, and that he should look into it.

Q What did he say to you?

A He was shocked.

Q This is Wallison?

A Yes. He didn't know anything about any of this. It was clear to me that he had been totally shut out of the process. He was extremely interested in as much information as I had, and he promised to talk to Cooper and Thompson about it. They may even have been in his office.

Q Do you recall that he told you that Cooper and Thompson were standing in his office at the time?

A My recollection is he said to me, they're right here. Cooper and Thompson are right here in front of me.

Q Did he put Cooper on the phone, do you recall?

A Yes, I do recall that he did put Cooper on the

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phone, as far as I recall.

Q And what did you tell Cooper?

A The same thing.

Q And specifically that the statements regarding lack of knowledge or statements regarding oil drilling equipment that you had seen were untenable in light of what you knew to have been the McFarlane-Shultz conversation?

A Yes, I added the--not only that. I told him what I knew about the conversation and then I added my own observations.

Q Before we get to your observations, do you recall that when you spoke to Cooper on November 20 while Cooper was in Wallison's office, when you told Cooper what you were concerned with that Cooper told you that the draft of Director Casey's testimony had only shortly before been modified to strengthen the claim regarding the November shipment, and that the draft now said that no one in the United States government knew that the November shipment was Hawks as opposed to oil drilling equipment. Do you recall Cooper telling you that?

A Yes.

Q And you responded, I take it, that that claim was impossible in light of what you knew to have been the conversation between the Secretary of State and McFarlane in November '85?

A Yes. And I also thought it was untenable as a matter of logic. That the CIA would not have reacted in the way that Casey's testimony indicated. That is, with a warning that they would not do this again. That the request for an airline would not have been urgent over oil drilling bits.

And that generally the whole thing smelled to me like the kind of thing you see in a trial--and I've presided over hundreds--in a narcotics case, for example, where they refer to the drugs as "shirts" or something like that. You always have some kind of phrase that you use to describe what you're selling when you don't want to talk about it directly.

Q And here it was oil drilling equipment?

A Right, oil drilling bits.

Q But what you heard from Cooper on his end was that, if anything, from the time you had seen the draft of Director Casey's statement until the time of this conversation, in between which you had conveyed a message to the Justice Department, the draft had gotten worse?

A That's true.

Q And now the draft had gone out to say that nobody in the United States government knew anything other than the oil drilling story?

A That's what Cooper told me. I had not seen the

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redraft.

Q Did you have occasion, on that call, to ask Cooper if he had spoken to the Attorney General by then about any of this?

A I don't know that I specifically asked him that. I probably mentioned to him that I had called Arnie and Arnie had communicated this information to the Attorney General.

Oh, yes, I definitely did, because I told him that I was disturbed by the answer that I had gotten.

Q The answer that you had gotten from Arnie?

A From Arnie, and that I thought that he should follow up and make sure that the Attorney General was not being sold a bill of goods.

Q And Cooper indicated he would do so?

A Yes, he did.

Q That conversation ended. Do you recall any more conversations on November 20, concerning this same matter?

A Yes, I had another conversation with Cooper around six o'clock.

Q Before you spoke to Cooper again, do you recall speaking to Wallison, who told you that there had been a conversation with North about that November shipment?

A I recall that having occurred at 6:25.

Q After you spoke to --

A I may have spoken to Wallison before and after, but

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I do recall a conversation at 6:25.

Q Since I think that's the shorter one, tell us what the conversation was with Wallison at 6:25 p.m. on November 20.

A He said that, according to North, all North did was to give the Israelis the name of a proprietary airline. They, then, made the arrangements to use the airline. That he, North, denies that he knew it was Hawk missiles or arms. He says he understood it was drill bits.

Then Wallison said to me the President keeps getting deeper into this because people are operating in his name.

Q Who did you understand Wallison to be referring to when he said people are operating in his name?

A People were operating in his name. I understood it to be Poindexter, North and others were taking actions, had taken actions without the President's approval.

Q Taken actions during the period of the --

A Yes, September and November, right.

Q Tell us, then, about the evening conversation or conversations that you had with Cooper on November 20?

A Cooper said that Ollie North said that there had been no call and that he had no knowledge of any of this.

Q Any of the --

A The arms. And he denied the call to the CIA, as well, at that point.

Q What call to the CIA?

A The urgent call for an airline, to have an airline arranged. All he did was provide the name of a proprietary from the CIA. That is, he apparently did get, from the CIA at some point, the name of an airline which he passed on to the Israelis.

I said that that was nonsense, that it couldn't be correct, that we had a contemporaneous note of McFarlane's [redacted] call. I guess my note said that [redacted] Ollie North said there was no call, I gather would be the November '85 call. [redacted]

Q You said that there were contemporaneous notes at the State Department?

A Yes, I told Cooper that we had a contemporaneous note of the call in November '85.

Q Do you remember Cooper's succinct response?

A He expressed shock in a way that would not be polite to mention in a public record.

Q Shock at hearing about the note?

A Yes.

Q Did you tell Cooper you had a concern about the course that events were on?

A Yes, I told him that both Armacost and I were extremely concer[illegible] people were not telling the full truth and we were scared -- I was scared that the President would be in trouble if the testimony was not changed and if people were not forced to tell the truth about all this.

Q Did you indicate to Cooper that you might have to resign or would have to resign if the testimony were not changed to reflect what you believed to be the truth?

A Yes, I did. The reason for that was I believed in the Secretary of State and if he had a note indicating that he believed that something had happened, I [redacted] assumed that that would be the truth and that would force me to have to indicate that in some forceful way.

Q To put it bluntly, Judge, you told Cooper that if Director Casey gave testimony that said no one in the United States government knew that the November transfer was Hawks, you were going to resign from the government?

A Yes.

Q Did Cooper respond?

A Yes, he said that he would [redacted] leave with me.

Q Did Cooper tell you whether he had spoken to Thompson or to McFarlane, after having heard from you in Wallison's office about McFarlane's recollection of November?

A It may well be that he told me that McFarlane said there was no call in November.

Q And that McFarlane even hearing, via Thompson or Cooper, that the State Department was taking the position there had been such a conversation and that the conversation involved Hawks, McFarlane was still saying he didn't know anything about Hawks in November and was denying or at least failing to recall any such conversation?

A Yes.

Q Did you hear again from Cooper late in the evening on November 20, that he had reached the Attorney General?

A Yes. Let me say that I was more concerned about cover-up than I was about anything else. I believed that Cooper and I and a number of other people had a duty to insure that no cover-up occurred. On the other hand, we also could have, if we had the true facts, we could deal with it. We could then see whether there was any proper legal basis for what had occurred.

I was not assuming that anything that had been done was illegal. What I knew was that a cover-up was illegal and that whatever you might be able to say about the legality of something you did, there is no way you could claim that a cover-up was legal.

Q It was your position you could deal with the facts, but not with the alteration of facts?

A Absolutely. You might be able to deal with the facts, and you have to face the facts, whatever they were, yes.

Cooper told me, at 11:28 p.m. that night, November

20, according to my notes, that he had told the Attorney General about this. Apparently he had called him out of town and he, the Attorney General, fully shared the concerns we shared and he cancelled a trip.

There were many questions about Charlie Hill's notes that Cooper and the Attorney General had. When were they taken? What was written down in them? The Attorney General was very interested in those notes.

That he had called Paul Thompson and he was told earlier that Ollie North had adhered to his prior story, that Paul Thompson then called Poindexter, who tried to reach McFarlane and he couldn't reach him.

Then he told me that references in Casey's testimony had been changed.

Q The references to the oil drill story?

A Right, that it had been adjusted correctly to avoid the issue. I wrote ~~those~~ my notes that way because --

Q Wrote your notes that way?

A Yes, because what he told me was not an indication that the matter had been dealt with fully, in a satisfactory way, but at least the misleading of Congress was avoided.

I congratulated him and we agreed that the President should not be placed at risk until the truth is known. That is, we were satisfied with that fix because at least there wasn't a lie out there and the President wasn't at risk. We could then go further, investigate further, et cetera.

At this point, no formal investigation had been authorized by the President and I gather it was the next day or so that Cooper called me and said the President had authorized the Attorney General to investigate.

Q Does that do it for your recollection of events on November 20?

A Yes.

Q Let's turn to the next day, which is --

A ~~This~~ The call took place at about two minutes to ~~12~~ midnight, November 21.

Q Turn to the next day, Friday, November 21, which is the day that Director Casey will go to the Hill to give his testimony. Did you see a draft of the revised Casey testimony that morning?

A Yes, I did, or I saw it at the hearing or heard it at the hearing.

Q Did you attend the hearing?

A Yes, I attended the first half of the morning session.

Q So you heard the Director testify?

A I did.

Q And you either observed, by looking at the testimony or heard by hearing it, that the reference ~~to~~ that no one in the U.S. government knew that November involved Hawks was gone from the testimony?

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A Yes.

Q Do you remember that what was there was a reference by Director Casey to the effect that the pilots were told that the planes contained oil drilling equipment?

A It might have been there.

Q But you were satisfied, at least, that there was no misleading reference to what anyone in the United States government knew or did not know about that Hawk shipment?

A That wasn't cleared with me, anything about the pilots. If I had seen that in an earlier draft, I might have raised some questions about that as well.

Q What you heard, though, did you find satisfactorily in terms of the issue that you had been focused on, of U.S. government knowledge or lack of knowledge?

A Yes, that there was no assertion that no one in the U.S. government knew these were arms. I knew that some people knew that these were arms.

Q Was Secretary Armacost with you at the hearing?

A Yes, he was.

Q Was the reference to Southern Air Transport, that you had taken note of in the draft testimony, still in the testimony as Director Casey gave it to the Senate Committee on November 21?

A No.

Q Did that bother you?

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A Yes.

Q Did it concern Secretary Armacost, as well?

A [redacted] It did concern him.

Q Why did it concern you?

A As I said, I thought that the fact that the arms were carried by Southern Air Transport created a potential connection to Central America.

Q Potential connection between the Iran program and Central America?

A Yes.

Q What did you do, given this concern that now the reference to Southern Air had disappeared from Director Casey's testimony?

A I told Armacost of my concern and I drafted a memorandum, handwritten, to the Director of the CIA, Casey, from Armacost and myself.

[Sofaer Exhibit Number 3
was marked for identification.]

BY MR. BELNICK:

Q Is that the handwritten memo that we've just marked as Sofaer Exhibit 3?

A Yes.

Q Did you take this handwritten draft to Secretary Armacost?

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A Yes.

Q Did he make certain additions to it?

A I believe that the addition, "which were in earlier drafts" on the second line of the memo was made by Armacost. It could have been made by Chris Ross, or someone on his staff, but that is not my handwriting.

Q Was this memo officially sent to the DCI?

A No.

Q What happened?

A I gave this to Armacost by hand and I told him that I thought that we should send this memorandum. He said he would look at it and get back to me. He got back to me later and said that he had talked to Gries about this matter directly, rather than send a memorandum. Gries acknowledged a mistake had been made, that he didn't know why this reference had been dropped out, and that he would take care of it.

Armacost added that it was in their hands to take care of.

Q In CIA's hands?

A CIA's hands.

Q That discussion is noted at the bottom of your draft memorandum, Exhibit 3, correct?

A Yes, when Armacost gave me back this memorandum and told me what he told me, I wrote that down on the bottom.

Q Talked to Gries, et cetera?

A Right.

Q What is the last line on Sofaer Exhibit 3? "Meeting CIA to discount --" could you read that to us?

A "Meeting CIA to discount Iranian terror."

I recall, at that time, there was considerable criticism within the Department of State that the CIA was discounting the danger of Iranian terrorism and that there had been a meeting to discuss Iranian terrorism and that we had taken the opposite point of view, that no change had occurred.

Q Going back then to Exhibit 3 itself, though, the draft memorandum, your concern as I understand in preparing this memorandum for you and Armacost, was that the Intelligence Committees, one way or the other, get the information about Southern Air that had been deleted from the Director's testimony?

A Absolutely. This was a form of potential deception and lack of full information.

Q You understood from Armacost that Gries had given him some kind of an assurance that this would be taken care of?

A Yes.

Q Then you subsequently saw reference to Southern Air appearing in the press and perhaps elsewhere, and believed that that had been done?

A Yes, I assumed that the matter had been taken care of. After we discussed this recently, you and I, I called Mr. Armacost and he confirmed that he had passed this information on to Gries and Gries confirmed having received it and having passed it on.

He doesn't know exactly what happened, but from the newspaper accounts of all these events, and everything else, I assumed that the staff had learned in some appropriate manner that Southern Air Transport was involved.

Q On November 21, did you also receive a telephone call from Cooper?

A Yes.

Q What did Mr. Cooper tell you on that day?

A He told me that he was investigating the matter, that the President had authorized the Attorney General to conduct an investigation. This was Friday, I believe. And that he had learned that the pilot of the plane knew that they were carrying Hawk missiles or arms.

Q The pilot of the plane involved in the November '85 transfer?

A That's right.

Q Did Cooper tell you it was all a big mess now?

A Yes, because he gave me the impression that they had assured him --

Q That who had assured him?

A That the people in the NSC, with whom they had spoken, had assured the Attorney General that the pilot did not know that he was carrying arms and the CIA didn't know, and now they found out that the pilot did know.

Q Indeed, Director Casey, as the record will show, had testified earlier that day that the pilot was told it was oil drilling equipment?

A Right. So it's clear that Cooper regarded that as very significant in light of that specific testimony.

Q Did Cooper tell you what he was going to do?

A He said he was getting off the phone right away because he was very busy.

Q Did he tell you, by that point, that the President had ordered a formal investigation by the Attorney General?

A Yes, either then or roughly then.

Q Did you, on this same day, Friday November 21, write a memorandum concerning this whole matter? A memorandum which was for the purpose of helping prepare the Secretary of State to see the President about the Iran deal?

A Yes.

MR. BELNICK: I will ask the reporter to mark what I believe to be that memorandum as Sofaer Exhibit 4.

[Sofaer Exhibit Number 4
was marked for identification.]

BY MR. BELNICK:

Q I will hand you the memo so marked, Judge. It's dated November 21, 1986, addressed to Messrs. Platt, Hill, Bremer and ~~Redfel~~ Raphel from you, subject memorandum of points concerning arms transfer to Iran. That is your memorandum?

A Yes, it is.

Q As stated, this is one you wrote in furtherance of helping prepare the Secretary to see the President?

A Yes, this was a reaction to the events of the last few days and to several drafts of a memorand~~a~~um that ~~was~~ were prepared by other officials in the Department of State concerning the President's press conference and the tremendous skepticism that existed within the Department about the positions taken by the President at that press conference.

I felt that the other memorandum was much too critical of the President and, in fact, missed what was really going on; the President ~~being~~ had been prepared for a press conference by individuals who had actually supported a policy that was a disaster politically and possibly raised serious legal questions, and who were possibly withholding the truth from the President about events that occurred before January 1986.

Q So that you thought the focus ought to be on advising the President that there were people around him that were not telling him the truth?

A Yes, in fact my point was the State Department ought to be more supportive of the President and more helpful in trying to get the President to support a full investigation and to avoid letting the President be drawn into a cover-up scheme of any kind through his sense of loyalty, which he has in abundance.

Q I gather also, from our conversation before the deposition, Judge, that you're not certain whether this memorandum of yours, Sofaer Exhibit 4, reached the Secretary before or after he had already seen the President?

A I am certain it went into the system because I know it was read by the Deputy Secretary, who approved of its approach. He felt that this memorandum was more in line with how the Secretary ought to approach the President, but I'm not sure that it got to the Secretary before his meeting with the President.

I've never really asked the Secretary.

Q Did you have a chance, during that period, Judge, to say to the Secretary face to face or to express to the Secretary face to face your concern that there was a cover-up or that people around the President were not telling the truth?

A I don't recall a specific meeting with him until Saturday, the next day, the 22nd. But everything I told Hill, I assumed was getting right to the Secretary. He was an immediate pipeline to the Secretary.

Q And you were telling Hill, throughout this period, that concern of yours?

A Every single event, the phone calls, the substance of the calls, was communicated either to Hill or to Platt and I have found, in my experience at the State Department, that that is a direct channel. Either is a direct channel to the Secretary.

MR. BELNICK: Can we go off the record for a moment?

[Discussion off the record.]

[Sofaer Exhibit No. 5 was marked for identification.]

BY MR. BELNICK:

Q For the record, Sofaer Exhibit 5 bears our identifying stamp numbers S-3916 through S-3921. And, Judge, my question is whether this exhibit is at least a draft or one of the drafts of the memo to which you were reacting in the memo you wrote, namely Sofaer Exhibit 4?

A Yes, it is a draft of the memo referred to in the first sentence of my memorandum. "The memo we have prepared is indispensable in that it contains useful material for the Secretary."

Q But you thought it was a memo which didn't give the right focus, which again in your judgment ought to have been not on criticizing the policy or the President, but on let's get the truth out and then deal with the facts?

A Well, the criticism could be there. The only part of this memo that I had been involved in [redacted] was a section on serious legal questions on page 6. [redacted] That's why I found out about this memo.

But the tone of this memorandum was not the kind of tone you would use if you were trying to get the President-- if you were trying to help the President and trying to get the President to protect himself, rather than to protect others who might really not be deserving of protection.

Q Now when you say to protect himself, to protect himself by making sure that he got the facts and that the facts got out?

A The true facts, yes, because he was being told this was all defensive equipment. I mean, that's not an idea that hatched out of his head. Obviously, the President, he was told that all this equipment would fit on a certain size plane. I mean, the President of the United States doesn't make calculations like that. Those were calculations that were made by his staff, and they were obviously misleading him.

So the way this memorandum was written quotes from what the President said, and then given highly critical answers to what the President had said. That is not constructive. That was not constructive in my judgment.

Q You didn't think that the issue was a debate between the President and the facts, it was a debate over whether the President was getting the facts?

A Yes, I thought the facts--it was great to give the President the facts, and the facts here were very useful to the Secretary to convey to the President. But that that should be done in a way that's supportive of the President to show him how people were misleading him.

Q On November 21, did you also receive a telephone call from Bud McFarlane?

A Yes, I did.

Q Please tell us about that call.

A Mr. McFarlane asked me if--

Q He called you?

A Yes. He asked me if there were--he said that he had heard that there were notes, contemporaneous notes kept by the Secretary of conversations between him and the Secretary and others relating to the Iran arms matter.

Q Did he specifically mention the November '85 shipment, or just generally the Iran matter?

A I don't recall, but he said he had heard that there were notes. And I assumed that he had heard that from the Attorney General and that it related to the note that I had told the Attorney General about.

Q What else did Mr. McFarlane say?

A He asked if I had the notes and if he could have access to them.

Q What did you say?

A I said I didn't have the notes and that I would pass on his request.

Q Did he ask you whether the notes would be given to the Justice Department?

A Yes, he did.

Q And you told him they would be?

A Yes, I said I was sure they would be.

Q Did you hear from the Secretary of State's office subsequent to McFarlane's call?

A Yes.

Q What did you hear and from whom?

A I heard from Charlie Hill and/or Nick Platt--might have been both, might have been one--that McFarlane had called the Secretary and had asked to see him about the possibility of some notes that he, the Secretary, had kept.

Q Were you asked for your advice about that meeting?

A Yes.

Q What advice did you give?

A I advised the Secretary not to see Mr. McFarlane.

Q Why or why not?

A The reasons are spelled out in a memorandum I wrote to the Secretary, "Not for the System." It's entitled "Not for

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the System because it was not to be distributed to other people.

[Sofaer Exhibit No. 6 was marked for identification.]

BY MR. BELNICK:

Q And is that memorandum the one that we've just marked as Sofaer Exhibit 6?

A Yes.

Q And this is a memo you did send to the Secretary?

A Yes, definitely, on that day.

Q Do you know if the Secretary followed your advice?

A Yes.

Q And he did not see Mr. McFarlane, as far as you know?

A Yes, as far as I know. He may have spoken to him on the phone to tell him that he couldn't see him, but I believe that he didn't see him.

Q There's a notation in the upper left, 12/5 OBE, NP is that?

A Yes.

Q Is that Nick Platt's writing?

A Right.

Q Do you know what that--I know OBE usually means overtaken by events.

A Right.

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Q And is that your understanding of what it means here?

A Yes, it means that by the time Nick Platt got it it was December 5th. I must have delivered it to the Secretary via Charlie Hill, which is the back door essentially.

Q Now do you know whether the Secretary had a meeting with the Attorney General on the next day, November 22?

A Yes, one of the calls that I received on the 21st was from Cooper who asked me to set up a meeting between the Attorney General and the Secretary of State on the morning of November 22nd.

Q That Saturday morning?

A Yes.

Q And you set up that meeting?

A I did.

Q You came to the office that day?

A Yes, I did. I was in the office by 7:20 or so.

Q You did not sit in on the meeting between Cooper and the Secretary?

A I didn't.

Q Was the A.G. at that meeting so far as you know?

A Yes.

Q And so was Charlie Hill?

A As far as I know, Charlie was there, yes.

Q Were you debriefed on the meeting after it ended?

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A Yes, I was.

Q What were you told?

A I was told that the Secretary and Charlie had gone through some of the story with the Attorney General. That the Attorney General had asked about the type of notes that had been preserved, and that had been explained to him.

The Attorney General asked the Secretary, was he sure that he did not know about the finding. That came up. And the Secretary said he did not recall the finding. And the thought was floated that the finding may have been discussed but [redacted] on January 7th or whenever they had the meeting, after the Secretary had left or some such thing, or at another meeting. But that came up.

And there was a general agreement that the~~se~~ would [redacted] cooperat~~e~~ fully [redacted] State Department for this investigation.

Q You spoke to Cooper the next day, November 23 on Sunday to find out how he felt about his meeting with the Secretary of State?

A Yes, I wanted to know--incidentally, another thing that came up in the meeting was the Secretary asked me if I could be his lawyer. He asked me for my judgment as to whether there was any reason why he should get another lawyer. He had mentioned the fact that I had very actively called the White House and the Attorney General about everything that I was finding out, and that he recognized the propriety of that. That I was really a lawyer for the government and for the President and that I had a duty to report all that.

And he [redacted] wanted to know--I think the issue had been raised with him by Nick Platt and Charlie Hill--[redacted] whether I could serve as his lawyer. [redacted] I told him that I had heard the story from Charlie. That I had pretty good information up to that date of the events, and that I saw no conflict of interest in my role as department lawyer, and President's lawyer, and the Secretary of State's lawyer. That I felt that since he was essentially clean, as far as I could tell, that he did not have any problem and that I had no problem representing him and preparing him as the ranking official of the Department of State.

Q Okay.

A He accepted that, and he was upset about the stress on law, all the legal stuff. He was very concerned about our terrorism policy and wanted the focus of public events to return to substance; very eager to have that happen. And I just said that he would have to live with this. That I perceived a long period of events relating to legal issues and hearings and everything else.

Q Let me go back a day or so. Do you recall that around the 21st, on or about then that you had asked one of your deputies to get you some numbers regarding the cost of the various weapons that you knew to be involved in these transfers?

A I believe it was Friday afternoon.

Q The 21st?

A I came back down and I called Mike Matheson. And I asked him to get me the figures on the cost of TOW missiles.

Q He gave you those figures, and what did you conclude when you looked at the figures?

A I concluded that the fair market value of TOWs was substantially in excess of ~~what the CIA had received from~~ what the DOD received from the CIA as payment.

Q And did that lead you to conclude that there was probably a surplus of funds that had been generated in this transaction?

A I didn't conclude anything, but it led me to ~~[illegible]~~ mention to the Secretary on Saturday the 22nd at the end of the meeting with him, after he had spoken to the Attorney General, ~~I said to him~~ that I was very concerned about the possibility that there was a surplus of funds. And that I had no idea how it was used, but that I also was concerned about the presence of Southern Air Transport in the picture.

And Mike Armacost mentioned the fact that there had been this contact in May of '86 from people involved with the [redacted] And he was concerned about money being

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diverted for freedom fighters around the world essentially.

Q What did the Secretary say?

A The Secretary didn't say anything, he just listened.

Q This was after the Secretary had met with the Attorney General?

A Yes.

Q And so the record is clear, the meeting between the Secretary and the Attorney General took place the morning, that Saturday before lunch?

A Yes, took place early in the morning.

Q Now jumping--

A After that night, or the next night--

Q November 23?

A Yes, November 23, I was interested in knowing where the investigation stood. And Cooper was interested in seeing the notes. So we were on the phone together. I don't know who called, but we were probably calling each other. He said, have you arranged to make sure that I can get to see the notes. And I said, don't worry, I'll see to it.

And I asked, how did it go with the Secretary, and how is it going generally? He was exhausted, I could tell from his voice. It was late at night on Sunday. And he said, it's just a real mess, and that they had found out a lot of things.

And he ask[illegible] he mentioned that I had mentioned

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earlier that I was concerned about a surplus of funds.

Q How did he know that?

A I had mentioned it to him.

Q To Cooper?

A Sure. And he said, how did you know about that? What had led you to that? And I explained to him that I just thought there was a spread, [redacted] between cost price and sale price might be very different. [redacted] He didn't say anything, but he [redacted] led me to believe that that might be significant in the story. He did not explain to me what had happened.

Q Cooper didn't tell you on the 23rd that the day before representatives of the A.G. had found the so-called diversion evidence?

A No, he didn't at that time. I told him that, at [redacted] [redacted] a minimum, I was scared that [redacted] [redacted] Southern Air Transport had been given a lot of money for its arms shipments to the Middle East to subsidize it, in effect, for doing the work it was doing in Central America for the FDN.

Q But these were concerns that you were generating based on inferences? You at that time knew nothing about the fact of any diversion from the Iran program to contras or elsewhere?

A Not until the Attorney General's press conference.

Q On the 25th of November?

A Yes.

Q Okay.

A Anyway, I also asked him about the Secretary's testimony and was the Attorney General satisfied with it, is there any other information that he needed, et cetera. And he assured me that the Secretary had given the Attorney General a full and credible story as far as he could tell, and that the problems that they had lay exclusively elsewhere.

Q Subsequently, did Cooper come in to see the Hill notes?

A Yes, he came in at 9:20 a.m. on the next morning.

Q November 24th?

A Yes.

Q Reviewed the notes? Were you there?

A No, he wanted to see the notes then, and Charlie still didn't have the notes pulled. He was very reluctant to actually give up physically the notes. It had never happened--

Q I know that.

A His reluctance came as a result of the fact that he has never had to do ~~which~~ such a thing in his whole career as a foreign service officer. But I told him in no uncertain terms that he would have to reveal all the notes that were relevant to any criminal investigation, and he accepted it.

So anyhow, he agreed to pull the notes, and Cooper said he'd wait. He read a memorandum Charlie prepared, which was an outline of what had happened. And Charlie gave him some more of a briefing. We had further discussion, and Cooper left.

~~And thereafter -- oh, yes,~~ At that meeting again that issue of the finding came up, that the Attorney General recalled that the finding was mentioned at the January 7 meeting.

Q Cooper was telling you this on November 24?

A Yes, telling us that. But it was not dwelled upon, were his words.

Q Did Cooper say anything to you on November 24th about the fact that there had been a finding signed on January 6, an earlier version?

A No, he didn't.

Q Did he mention to you on that occasion as to whether there had been a finding submitted in the fall or around November, early December of 1985?

A No. I found out that there were other possible findings at the hearing on the 21st when some senators--and the record will reflect this, Eagleton, I believe--raised the question about other findings. Apparently, Senate staff had already started to get information about other findings, even as early as that.

Q The only finding though of which you formally know about even today is the finding of January 17, 1986?

A No, I did find out when I was asked to clear boxes of notes and other materials for delivery to this committee about the other findings. I saw them when I went through those boxes.

Q I want to be careful on that. You saw a finding that was signed earlier in January 1986, right?

A Yes.

Q And you saw another finding which had been prepared in or about late November 1985?

A Could be, I don't know. I wasn't paying that close attention. I was doing a screening for purposes of [redacted] [redacted] transmittal [redacted]

Q Recognizing that, to your knowledge as you sit here today, Judge, do you know whether there was any finding signed earlier than January 1986?

A Do I know that?

Q Yes, sir. Do you know whether there was or there wasn't?

A I don't. I mean, I couldn't--not of my own knowledge, definitely not, could say that. Even if I saw a document dated before that day I wouldn't know that it was signed before that day.

Q Has anyone in the government ever told you whether there was a finding signed prior to January 1986?

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A I saw a January--January, anytime in January?

Q No, has anyone in the government told you whether there was a finding signed earlier than January 1986?

A Earlier than January 1, 1986?

Q Earlier than January 1.

A No. Anyway, right after that call Cooper wanted to--he called me again. He really wanted to see the notes, and got Charlie to give me the note. And I got the note in my hand, and I read it to him, and he came over and he took a copy.

[Discussion off the record.]

BY MR. BELNICK:

Q Judge, then November 25 came, that was the Attorney General's press conference. And I take it your involvement since then has been in terms of--your involvement in this matter since November 25 has essentially been in terms of responding to requests from the congressional committees and the other investigator in town, the independent counsel, for information, documents and so forth?

A Pretty much.

Q And counseling the Secretary?

A Yes. Well, I helped prepare the Secretary's testimony and I'll be working with the Secretary on his appearance here with the committee. And I occasionally wrote things related to the Iran arms sale.

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Q You did have involvement though subsequent to November 25 with the pledge and attempted contribution to the contras from the Sultan of Brunei, correct?

A Yes, I did.

Q And could you tell us what your involvement was there, what you learned and what you did?

A Incidentally, as to the note, I have a note on my copy of the note.

Q The Hill note?

A The Hill note, that it was sent to the Department of Justice on 11/24 at 11:45 a.m.

Q Thank you. Back to the Sultan.

A After the morning meeting on December 1st, the Secretary asked me to come into his office, and he asked Charlie to brief me on an operation involving Brunei.

And Charlie, in the presence of Elliott Abrams in part, and perhaps when he was out of the room in part, but certainly Elliott was there during much of this. He told me his best recollection and reading from his notes of what had happened with Brunei. And Elliott was there and he also added to the story as we went along.

Q You made more or less contemporaneous notes of that briefing you received on December 1, right?

A Yes, I made sketchy notes.

Q Now this was the first time you had heard about the

Brunei contribution?

A Absolutely.

Q Prior to then, by the way, had you heard whether any foreign countrie~~s~~ had contributed monies to the contras?

A No.

Q Now in the course of the briefing, I understand that Hill advised you that Abra~~h~~ms had gotten an account number at one point from Oliver North for the deposit of the Brunei contribution, correct?

A Correct.

Q And did you learn also during that briefing that North had told Abra~~h~~ms when he gave Abra~~h~~ms the number, that Abra~~h~~ms should not tell the CIA that he was getting the money from Brunei, and that Abra~~h~~ms should not use an account number that the CIA had given him?

A Yes. Abra~~h~~ms had called the CIA first and had gotten an account number from [redacted] And he then got an account number from Ollie North. ~~And~~ My notes indicate that that statement was made. Ⓓ

Q That North had said to Abra~~h~~ms, don't tell the CIA you're getting the money?

A If you wait a moment, I'll tell you exactly.

[Pause.]

A Yes, he said, Ollie--

Q Who is telling you this on December 1?

A I think this is Charlie Hill telling me this, presumably in Abra~~h~~ms' presence. That his notes indicated that Ollie said to Abra~~h~~ms, "Don't tell the CIA that you got the money and don't use their number."

Q And Elliot then went to Hill and asked, what should I do?

A Right.

Q And what did Hill tell you that he had told Elliot?

A He said, nothing's changed. That is, we're still on track on the Brunei thing. Use Ollie North's number, which Hill felt was the better number to use because it was a direct pipeline to the FDN, rather than something the government of the United States would actually be holding.

Q That's what Hill believed?

A Yes, he believed that it would be better, legally better, although he didn't ask me. [redacted] I think it was a pretty good judgment on his part in that sense. It would be more direct anyway, as a contribution from Brunei to the FDN, for it to go into an FDN account rather than into a CIA account which would be a U.S. government account. That was his rationale.

And then he said, "Don't trust Ollie North."

Q This is what Hill told Abra~~h~~ms at the time, right?

A Right, don't trust Ollie North. Tell the CIA. Don't follow Ollie North's instructions. And if we go through the CIA account, the money is more likely to be handled by the U.S. What we want is a straight transfer.

Q But tell--

A But tell the CIA, yes.

Q So in other words, Hill said to Abrams, don't use the CIA account, but tell the CIA what's going on. Don't listen to North and don't trust North?

A Right. As I recall now, Abrams may not have been in the room when Hill told me this, because I have a note here that Hill did not know what Abrams did.

Q Did Hill tell you the basis for his instruction to Abrams or his advice to Abrams not to trust Ollie North?

A He didn't at that time tell me anything beyond that. But at other times he had indicated to me that he didn't trust Ollie North.

Q He, Hill, did not trust North?

A Yes.

Q And did he tell you why he didn't trust Ollie North?

A That Ollie was very aggressive and would do things without telling people. At least he got the impression that Ollie--I got the impression that he thought Ollie was aggressive and might not be telling people everything that he was doing.

Q And when did you hear statements like this from Charlie Hill?

A Starting, let's say the winter of '85. As I got more integrated into the department and into the government I learned more about the personalities. And there were times when I would review suggestions by Ollie North for undercover activities in Central America, or for anti-terrorist operations in parts of the world and things of that sort. Some of these suggestions that he made were irresponsible.

Some of them were creative, too. But he certainly was somebody that had to be watched.

Q Do you know whether Hill's view during '85-'86 of North was shared by the Secretary of State?

A Yes.

Q And it was?

A I think it was, yes.

Q Had you ever heard the Secretary of State comment about North directly?

A No.

Q But you knew Hill was close to him and believed he was reflecting the Secretary's view as well as his own?

A Yes, I think that he was reflecting the Secretary's view. Certainly, Armacost had that view also. He told me so.

Q Had Abrams ever expressed--

A And Abramowitz had that view.

Q How about Elliot Abrams?

A I never had a discussion about ~~Elliot about~~ Ollie

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as such with Abrams.

Q And never heard Abrams express a view on North?

A Not that I recall.

Q Did you have the perception that Abrams was close to North?

A That he had dealings with him, yes. I didn't know how close he was to him.

Q Back to Brunei.

A He told me during this period--

Q Who's that?

A Abrams told me during this period, it was around December or so.

Q Of?

A '86. This was after all this was starting to be revealed. And the question became--these issues of what he knew about North and what-not came up. He told me that he had called Ollie to get money to pay for the return of certain bodies in the Hasenfus shootdown, and that there was no money to move these bodies back in the State Department account.

~~And that~~ He knew ~~[illegible]~~ that Ollie had access to people, Americans who believed that they had a duty or a patriotic obligation to help in these situations. He said ~~and~~ that Ollie had said this would be no problem--several thousand dollars. And he did ask me at the time, I recall, do I see any legal

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difficulty with that. [illegible] I saw no legal difficulty with Americans making a contribution to return the bodies of Americans to the United States.

But he was aware that this was a significant piece of information, and I advised him to pass it on to the FBI, and I passed it on to the FBI.

Q Returning to Brunei, Hill gives you the briefing on December 1. And does he tell you that the money subsequently has not arrived so far as the department can tell?

A Yes. He did, and Elliot told me that as well.

Q What happened next?

A He said the whole thing was still in limbo and that they had received a message from the Sultan that the money might take some time, and then they gave me all the cables. I asked for all the cables because this was similar to an incident that had occurred with the Singlaub contract.

Q The Pastora-Singlaub?

A Yes, Pastora-Singlaub "contract."

Q Between [illegible] Pastora and the United Stat[illegible]ns?

A Yes. I had been called in on that on the day of that cable that went down to Ambassador Tambs. And I called for all the cables, studied that, and I drafted a cable to Tambs telling him to stop that immediately.

Q Which I believe is in evidence as part of our hearing record.

A Right. And this was another such instance. I called for all the cables, I looked at all of them and I put the story together. And basically went to my White House counsel group, which consists of the White House counsel, the OLC, Assistant Attorney General Cooper, the DOD counsel, CIA counsel when it's an intelligence matter.

~~And~~ I told them about this and I said, we'd better do something--this was the next day--we'd better do something about this money, and find out about it. ~~And~~ I also told the FBI. I called them in--actually they were there in the building interviewing people and all, and I called them into my office and I told them this whole story. I cut out the name Brunei, but I told them the whole story and gave them the cables.

Q And that the money was missing or unaccounted for?

A The money missing, right. ~~And then a day went by, day, yes.~~ On Tuesday I got the account number from Nick Platt, and I immediately communicated that to the Department of Justice and to the FBI.

~~And then~~ On Wednesday I started pressing for action and was not getting it. ~~Basically~~ Rather, I was getting the message that it would take a long time to put together a request for the Swiss through the normal channels of the Mutual Legal Assistance Treaty, or whatever we had with Switzerland.

~~And~~ I told Arnie Burns that I was very, very concerned that we would be criticized for not doing something about this money. So on Thursday--

Q December 4?

A December 4th, I told Charlie Hill that I was going to seek authority to directly approach the Swiss ambassador in Washington, and simultaneously to send a cable to our ambassador in Switzerland, and to ask for the freezing of these accounts on an informal basis pending the Department of Justice's action.

I got approval for that. I talked to Burns and Mark Richard at the Department of Justice. I got their approval. I talked to White House counsel, I got his approval, and I acted. That evening I went to the Swiss ambassador's residence with my demarche, my official request. I took along the Swiss desk officer.

The ambassador was most responsive and communicated that message to Switzerland. When I came into work the next morning I was informed that that account and several related accounts had been frozen.

Q Judge, prior to the freezing, during the time period when you were getting briefed on this, do you recall that Elliot Abra~~h~~ms wrote or gave you a draft memo that he had written to the Sultan telling him that there's a big problem. He thought the problem was severe. A memo which wasn't sent, as it turned out, because the disclosures came about in November and overtook the draft?

A It was a draft cable, I think, and it wasn't sent. He did give me that.

Q And he also gave up the copy of the account number that he had been given by North which went into the safe as well? Did he give you that?

A No, he didn't give me that. He had given that to Nick Platt, and Nick Platt gave it to me, or he gave me a copy of it.

Q Fine.

[Discussion off the record.]

BY MR. BELNICK:

Q Were there any questions relating to Brunei that you pursued with Abrams on your own?

A Yes, I asked him whether there were other countries involved.

Q And he answered?

A No, except that I did find out about the Country No. 8 radios.

Q Radios from a certain country, Judge?

A Yes.

Q And I've identified for you that on our list that country is Country No. 8 and you agree we're talking about the same country?

A Yes.

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Q All right. He told you about the radios involving Country No. 8. Did he tell you whether that solicitation had been made?

A Yes.

Q Did he say who made it?

A He may have told me. I think he did tell me about this.

Yes, the Secretary made it.

Q And did he tell you that it was unsuccessful?

A He may not have told me at that time.

Q But he did tell you?

A Yes, at some point I found out about it.

Q Did he tell you the solicitation was unsuccessful?

A Unsuccessful.

Q Did you ask--

A But he also said then that they briefed the committee about it, the Intelligence Committee, and the committee had approved the purchase of the radios.

Q Did you also ask Abrams--and by the way, were you asking these questions when, early December?

A December 1st.

Q The same time you were briefed?

A Absolutely.

Q Did you also ask Abrams if--

A Well, it might have been later in the day.

Q Yes, but the same day more or less?

A Yes.

Q Did you also ask Abrams whether there had been any quid pro quo for the contribution of Brunei?

A Yes, I did.

Q What did he say?

A He said there was no quid pro quo other than the gratitude of the U.S. government, that we would appreciate it. And this is one of the reasons we ended up with a country like Brunei that doesn't get any assistance from us. [redacted] Other countries were knocked off the list of proposed countries to approach because of this factor.

He did tell me that there had been a survey with Murphy, Ridgeway and Sigur — [redacted] the regional secretaries all sat down. [redacted] I gather, the African regional secretary wasn't consulted because of the relative poverty of the countries there. But these four assistant secretaries were consulted as to [redacted] which countries should be approached and [redacted] Murphy and Ridgeway said forget it. [redacted] Sigur or someone came up with Brunei.

Q Did Abrams tell you or did you discuss with him how it was going to be insured in some way that the money from Brunei would be used for humanitarian purposes?

A Yes, I said that the one basis upon which the State Department might be criticized about this--I said, clearly we had the authority to solicit the money. And as far as I could tell, it was for humanitarian purposes.

The reason for that is, first of all, because the Secretary said that it was for humanitarian purposes and I believe him. And the second thing is that Brunei itself in a cable referred to, "for welfare" or something, and I felt that that was for humanitarian purposes. But I said [redacted] we might still be criticized for not having taken steps to ensure that it would be used for humanitarian purposes.

This was a line of criticism that I had considerable skepticism about because money is fungible. And I didn't see any requirement in the legislation that we [redacted] follow up [redacted] and make sure that anything that was solicited was in fact used for humanitarian purposes, this is [redacted] a very hard thing to make sure of when you don't have any control over what the contras are doing with other people's money.

[redacted] There seemed to be two different approaches. Elliot said that he was aware of this issue, and he was determined that once the money was in our hands or came into the account in Switzerland and Ollie told him about it, that he would do something to make sure the money was spent on humanitarian purposes, or we would get some assurances or something would happen.

[redacted] Charlie Hill's position was exactly the opposite. That we had no responsibility over that and that

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the less we got involved in that, the better. That it was not appropriate for us to start trying to monitor it, because if we did try to monitor it, we would have the duty to go into something that we would not really have the capacity to follow through on.

Q Let me understand. You have the impression that Hill and Abrams had had that discussion contemporaneous with the contribution, or that they were having it now?

A I got the distinct feeling that Hill's position on this was formed contemporaneously with the events, and that that was behind his statement to Abrams to use Ollie's number rather than the CIA's, because it was a direct pipeline to the FDN. In that way we did not get involved and wouldn't be responsible for FDN's use of the money.

Q But did you learn whether Hill and Abrams had exchanged those views contemporaneously with the contribution?

A I don't know. Abrams just told me. It may not even have been in the presence of Hill. But he did tell me that he was concerned about that issue and intending to do something about it.

Q On December 1, did Abrams tell you about his testimony on November 25 to the Senate Intelligence Committee concerning foreign country contributions to the contra cause?

A Yes, he told me that the issue had not been briefed yet to the Senate Select Committee, and that there had been a

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hearing the last Tuesday--

Q Which was November 25?

A Right. And that Bradley had asked whether Abrams had any discussions regarding money from Iran, [redacted] Ⓓ Abrams had said no. And Abrams went on after that, if my recollection is correct--I'm sure of this--to give me the feeling that it had gone beyond that and that he had conveyed an erroneous impression of what had occurred.

[redacted] I told him that he had to tell the full story, and that he should get back in touch with the committee and tell them immediately what had happened.

Q And your recollection is that you told this to Abrams on December 1?

A Definitely.

Q And did Abrams tell you in the course of indicating to you that he believed he had given the Senate committee erroneous information, did he say to you that he had done that because he felt he wasn't authorized to talk about Brunei?

A He definitely said that. I'm confident that it was understood by Charlie and Abrams, (however) that the Secretary had said to Abrams that Abrams should not reveal the solicitation of Brunei as such. That Brunei, the use of the Brunei was a no-no.

Q But it was the use of the word Brunei that they were asking him not to reveal, correct?

A It was that specific solicitation. The fact of a solicitation, the fact that a solicitation had occurred, I'm sure the Secretary would not have intended that [redacted] the committee would not be informed of that.

[redacted] My sense of it was that Abrams was quite upset that he had--that he felt that he had misled Bradley, and that that was a mistake. [redacted] There was no suggestion that he had been authorized to mislead the committee. To the contrary, ~~there was~~ Abrams seemed to feel [redacted] a genuine [redacted] of remorse, in my judgment.

Q You told him to go back to the committee. What did he say?

A He nodded. He didn't contest that.

Q Did you discuss it with him again thereafter, this issue of his testimony and going back to the committee?

A Not really. I didn't go into any detail. I was available [redacted] to help him in any way that he might need help.

Q But he didn't come back for advice?

A No, he didn't, no.

Q All right.

MR. BELNICK: Tim, do you have any questions?

MR. TRAYLOR: No.

MR. BELNICK: Terry?

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MR. SMILJANICH: No.

MR. BELNICK: Judge, on behalf of both committees, the House and the Senate, I want to thank you for your cooperation, and use the occasion also to thank you for the cooperation we've received throughout from your office in this investigation. Thank you for your testimony.

THE WITNESS: I appreciate your appreciation since it has taken a tremendous amount of time of my staff. We have tried to respond on behalf of the Secretary, pursuant to his instructions, to all your needs.

MR. BELNICK: I know it has, and as I said, we're all very appreciative of that cooperation. Thank you.

[Whereupon, at 5:12 p.m., the taking of the deposition ended.]

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I have read the foregoing 91 pages, which contain a correct transcript of the answers made by me to the questions therein recorded.

ABRAHAM D. SOFAER

Subscribed and sworn to before me this ________

day of ______________.

NOTARY PUBLIC

My Commission Expires ________________.

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CERTIFICATE OF NOTARY PUBLIC

I, PAMELA BRIGGLE, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by the witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Pamela Briggle

PAMELA BRIGGLE
Notary Public in and for the
District of Columbia

My Commission expires May 14, 1990.

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NOT FOR THE SYSTEM
United States Department of State
Washington, D.C. 20520

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OCE

November 21, 1986

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~~SECRET/SENSITIVE~~

MEMORANDUM

TO: The Secretary

FROM: L - Abraham D. Sofaer ADS

SUBJECT: Iran Arms Sales

ISSUE

How to respond to Bud McFarlane's request to speak or meet with you concerning Iran arms transfers.

The Attorney General has informed me that the President has authorized a review of the facts relating to the transfers of arms to Iran, either by the U.S. or by Israel. McFarlane has apparently claimed that he knew nothing about a shipment of HAWK missiles in November 1985, and that he kept you fully informed as to all the details of the operation. He has been interviewed by the A.G., who now wants to interview you on these matters. I recognize that you may want to agree to meet with McFarlane in light of your longstanding professional relationship. He may also be offended if you decline his request. On the other hand, to see McFarlane now, or to discuss any disputed issue of fact with him, could (1) create an appearance that he is coordinating his position with you; (2) lead to misunderstandings between you and McFarlane as to what is said in the meeting; and (3) cause the A.G. to feel that he is not getting your views without any effects that might result from a discussion with McFarlane. Finally, you are in no position to discuss these matters with McFarlane until you have gone over the record.

I therefore recommend that you decline in the manner of your choosing to speak or meet with Bud McFarlane at this time.

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By B. Reger, National Security Council

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10. "There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran...."

[redacted]

11. "I was not breaking any law.... I have the right under the law to defer reporting to Congress.. ."

— Serious legal questions arise for two reasons:

a) We knew of and evidently acquiesced in Israeli shipments to Iran months before the January 1986 finding was signed. A central issue is how we square our knowledge and apparent acceptance of such shipments with the fact that, over a year later, we have still not informed Congress of a third party transfer as we are required to do under the Arms Export Control Act.

b) At least one shipment of U.S. arms may have left the U.S. for Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran. While a strong argument can be made that the Finding can authorize transfers prohibited by the AECA's general provisions, that argument became more difficult in the face of the specific prohibition in August.

Finally, while Section 501 of the National Security Act clearly recognizes some degree of legal authority in the President to control the timing and form of notice of intelligence actions, the delay in this instance — about 11 months — is unprecedented and will be condemned by legislators from both parties.

Overall, this action could lead to further restrictions on the President's legal authority.

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[redacted]

— Also, even if the deal had worked as planned, it would have been yet further evidence that we condone trading hostages for arms. We understand that among the activities attempted last week was the transfer of additional arms as a sweetener for the release of more hostages. If this had worked, it would have conclusively shown that the price for getting the additional two hostages released was arms.

9. "We said that we did not want to do business with any nation that openly backed terrorism. There has been evidence of a lessening of terrorism on the part of Khomeini and his government."

[redacted]

—Although one may be able to argue that Americans were not as intensely targetted by the Iranians during 1985 as they were formerly, there is no doubt that Iran has not reduced in any way its support for international terrorism and our friends and allies, as well as the three [illegible] continue to suffer.

[redacted] UNCLASSIFIED

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6. "There is a mistaken perception that we have been exchanging arms for hostages."

— It is very clear to the Iranians that we were exchanging arms for hostages. McFarlane informed the Secretary that Kimche reported that hostages would be released on November 20, 1985 and that Israel planned to fly 100 Hawk missiles from [redacted] Israel, and subsequently to Iran if the hostages were released. (In the event, the shipments were sent via a CIA proprietary and were delivered to Iran despite the fact that no hostages were released.)

— On several occasions, McFarlane and Poindexter described the operation to us, and Ollie North described it to others, as being arms for hostages, and in some cases as money for hostages. Every time a hostage was released, it was preceded by a shipment of arms to Iran. Regardless of our statements to the contrary, we are convinced that the Iranian leadership believes that it was involved in arms-for-hostages exchanges.

7. "Key Cabinet members were consulted throughout, and our policy objectives were never in dispute."

— This is not true. The Secretary of State was told on at least four occasions that the operation was completely turned off. The last such time was in June of this year. The Secretary was never shown the Finding; he was not informed of McFarlane's trip to Tehran, and he was unaware of the CIA role in transferring these weapons. Both the Secretaries of State and Defense were firmly opposed to the supply of arms and continued to make their opposition known to the President.

8. "If there had not been so much publicity, we would have had no more than we were expecting."

— The Iranians with whom we were dealing never fully delivered on any of their commitments, and they would not have done so here. It is in their interest to retain several hostages as insurance [redacted] This was proven when Iranian-controlled groups recently picked up three more Americans in Lebanon.

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1. "We found some individuals (in Iran) that it might be possible for us to deal with.... There are factions within Iran."

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— Those with whom we were dealing were unscrupulous and untrustworthy. They are advocates and practitioners of that very scourge we are fighting elsewhere in the world — terrorism. Our two primary contacts for the operation were Gorbanifar and [redacted]

— Gorbanifar had been rejected by the CIA as a contact since, after several polygraphs, they concluded he was a "habitual fabricator" who could not be trusted.

-- On November 16 [redacted]

2. "We did not condone and do not condone the shipment of arms from other countries.... We have had nothing to do with other countries or their shipment of arms or doing what they're doing."

— As your subsequent clarification notes, we knew that Israel was shipping weapons. In a July, 1985 discussion with Bud McFarlane, Israeli MFA Director General David Kimche directly sought U.S. approval of Israeli arms transfers to Iran. I am told Bud did not sanction such shipments but said that the U.S. would not stop selling arms to Israel if a transfer occurred.

[redacted]

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(1320)

Sofaer Ex #5

- In light of the decision not to ship any more arms to Iran, would it be useful to consider other channels for continuing our effort to develop better ties? [redacted]

The Administration has engaged in policy which had great risks to the credibility you established. Many legal questions raised in the process. Possibly harmful changes may result in relevant laws, even if actions not demonstrably unlawful.

But these are not the most serious concerns. We can get through claims of illegality, but not through any disembling. We need to be sure no one mistakes the facts. Further, this Administration has done well at restoring confidence of American people, especially in our foreign policy. This confidence should be preserved to the extent possible.

To accomplish these ends, we must consider the extent to which the President may be vulnerable, not merely on account of the arms sales which were approved, but also because of other actions which were not approved.

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November 21, 1986

To: Nick Platt
Charlie Hill
Jerry Bremer
Arnie Rafael

From: Abe Sofaer

Subject: Memorandum of Points Concerning Arms Transfers to Iran

The memo we have prepared is indispensable in that it contains useful material for the Secretary. We need also to prepare, however, a set of points more appropriate for him to use with the President. The Secretary is not interested in criticizing the President, and the memo is presently written in a form that could be so construed. The memo also seems too concerned with defending both the Secretary and the Department; that is not an approach that is likely to succeed. We need to change the memorandum's format, or to provide a separate set of points by which the memorandum's substance can be conveyed so as to advance the Secretary's aims. In the process, we may find that, while all the points collected are valid some should be deferred as untimely or potentially counterproductive.

The President is presently under great pressure, and is still learning about some aspects of the question. He needs to feel we are his loyal troops, working to protect him from the dangers this operation has created. Timing is therefore a matter of crucial importance. The Secretary will be far more effective if he defers the broader, institutional reforms he may be seeking until after the present crisis has abated. Time is on his side on those issues. The type of help the President needs in the short run is in attempting to prevent further damage to his credibility. This is a formidable challenge, since some of his closest former and present advisors may have an interest in avoiding a full and truthful exposure of their activities. Yet, such exposure should be the Secretary's highest priority. The facts will demonstrate the Secretary's points, over time, but in a way that the President is most likely to accept. In general, I suggest an approach that asks rather than instructs, that exposes facts rather than asserts conclusions, and that allows the President time to see what is in his best interests rather than makes demands based on our own, already well-formed conclusions. We will need to work carefully, and with the Secretary's guidance, to convert these thoughts into talking points. But here are some preliminary ideas:

- We have a variety of problems, some more urgent than others. My main, present concern is to ensure that no one who acts or speaks for the Administration misleads us or the public as to the true facts.

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Sofaer Ex. #4

- Would it be useful to have a systematic collection of all the evidence available? Congress will soon be out of session. This will provide an opportunity to develop a relatively full account of what occurred.

- Some disputes as to the facts have already arisen, even within the Administration. What can we do to ensure that we do not embarass the Administration by taking positions that may later be proved wrong? Perhaps an interagency group under the AG's control should be formed to ensure that we know what each of the players did.

- We cannot avoid a proper inquiry. [redacted] We also have recordings of meetings with the Iranians. They should be analyzed now, rather than later under the pressure of legislative scrutiny. The records kept at the NSC are particularly important. All diaries, memcons, and other materials should be collected and a thorough chronology prepared. Of course, this includes any materials in Bud's possession.

- Congress and the press are focussing a lot of attention on legal issues. Of course, the AG's position is a great help, and we will do everything possible to support it. But does it cover all the problems? My understanding is that the AG's opinion relates to the legality of activities pursuant to the Finding. What about prior activities? Also what about activities after the prohibition on transfers to Iran in August 1986?

- The issue of notification is less a legal than a practical, political problem. We have delayed notice of arms transfers both before and after the Finding, for unprecedented periods. We must work to make the strongest case possible to justify the delay, and to avoid alienating potential supporters in Congress.

- How should we deal with claims that our foreign policy apparatus is in disarray? We should not appoint any panel of wise men to decide how to allocate foreign policy functions. But shouldn't we do some thinking of our own?

- In particular, should we not evaluate the premises on which this arms transfer plan was adopted? Many of them seem questionable. (Add discussion of specifics.)

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To: [illegible] Director, CIA

From: P - Michael Armacost
L - Abraham D. Sofaer

We wanted to bring to your attention the fact that your final testimony deleted references – which were in earlier draft: to the fact that shipments of arms to Iran were carried by Southern Air Transport (SAT). Dave Gries informed us that SAT is not a proprietary, and has no connection to the Agency. We are concerned, however, that members of Congress may improperly infer that such a connection exists if the information is withheld. We suggest a letter be written, or some other appropriate means of communication be adopted, to pass on this information, along with any statement you may care to make.

— Talked to Gries – acknowledges a problem. – don't know why it was dropped out – in their hands.

— meeting CIA to discuss Iranian issue.

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Sofaer Ex. #3

Other facts that Poindexter communicated include:

-- The USG shipped a total of 2008 TOW missiles and 240 line items (spares, etc.) for Hawk air defense batteries (which U.S. experts believe have proved useless).

-- The USG got agreement from Iran [redacted] (Poindexter believes this diversion has in fact occurred.)

-- The payment chain went from Iran to Gorbanifar to Israel an arms merchant to a "proprietary" to the CIA to DOD. (Poindexter knows only what was paid to the CIA and DOD; he is sure the arms merchant took a profit and therefore does not know how much Iran paid.)

-- The NSC states it kept no memcons of any of the relevant meetings. Some tape recordings of meetings with Iranians do exist. Sofaer asked that they be transcribed promptly.

-- At least one contact has been made after public exposure of this channel. The Iranians have indicated that they are still trying to get the release of the two remaining U.S. hostages and to find out the location of the three U.S. hostages most recently seized.

-- Poindexter believes the USG should continue to pursue the objectives of the finding, but did not say anything about future arms transfers. He said the effort was now less tightly held, so the Department could be involved to a greater extent.

-- Armacost and Sofaer emphasized the need to prepare all witnesses carefully and to answer all questions, especially those related to activities prior to January 17, truthfully.

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-- The direct linkage between Israeli and U.S. supply is shown by the fact that, in early 1986, we supplied 508 TOWs to Israel to replace those it had sent to Iran in September 1985.

-- Bill Casey's testimony for tomorrow reveals that in November 1985 the CIA helped Israel transfer Hawk missiles by Israel to Iran at the NSC staff's request. Shockingly, the NSC staff denies having made this request.

-- The NSC staff has apparently arranged that Southern Air Transport carry many of the arms to Iran. The CIA says this is no longer a proprietary. It is noteworthy, however, that it is the same airline on which Hasenfus and others carried arms to the Contras. This will undoubtedly complicate our efforts to support the Contras.

3. "The mission was served that made us waive temporarily for that really miniscule amount of spare parts and defensive weapons.... The so-called violation did not in any way alter the military balance between the two countries."

[redacted]

4. "Iran does not own or have authority over the Hezbollah.... The Iranian government had no hostages. Iran held no hostages."

-- Without any qualification, Hizballah is a creature of the Government of Iran, and Iran is its main banker, patron, arms supplier, and adviser.

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—Hizbollah was established in 1982 in Lebanon by Iranian Revolutionary Guards. [redacted]

— The Revolutionary Justice Organization (RJO) has claimed credit for the kidnapping of two of the last three American hostages. The kidnapping of the third was claimed by the Islamic Jihad Organization, an Iranian-controlled entity.

— [redacted]

— We are convinced that Iranian-controlled groups in Lebanon have concluded that it is in their interest to kidnap additional Americans because, whatever we may say, America does pay ransom.

5. "Our purposes were...to bring a negotiated end to the Iran-Iraq war."

—Opening a channel of comunications to Iran could hasten that end. The supply of arms, even in the context you described, will only make Iran more intransigent and more set on prosecuting the war. The Iranian leadership is convinced it has managed a major breakthrough, and other arms suppliers will now disregard Operation Staunch efforts. Everyone with experience in Iran and dealing with Iranians firmly believes that we have lengthened the war because of the psychological and political boost we have given to those who successfully got arms out of us. In a November 20 speech, Ayatollah Khomeini has told his nation that the "Black House" representatives "presented themselves meekly and humbly at the door of this nation, wishing to establish relations. They wish to apologize for their mistake, but our nation rejects them."

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MEMORANDUM OF CONVERSATION

Participants: Admiral Poindexter
NSC Attorney Paul Thompson
Under Secretary Armacost
Judge Sofaer

Place and Time: Admiral Poindexter's Office
November 18, 1986, 6:00 - 7:30 p.m.

Subject: Iran

At 6 p.m. November 18, Messrs. Armacost and Sofaer met with Admiral Poindexter and Mr. Thompson. Poindexter presented a review of some of the facts concerning USG arms transfers to Iran. Although from time to time Poindexter referred to a document that appeared to be a chronology, the presentation was not strictly chronological. Armacost and Sofaer interrupted periodically with questions. The following outline emerged:

> 1. June 1985. The idea of opening a channel to Iran was expressly considered in connection with (a) an NIE describing increasing internal turmoil in Iran and Soviet efforts to exploit it and (b) a proposed NSDD that suggested the use of arms sales as part of a strategy of dialogue.
>
> Both Defense and State formally expressed their opposition to this portion of the strategy.
>
> 2. July 1985. Israeli MFA Director General David Kimche visited the U.S., met with McFarlane, and proposed to him that the U.S. allow Israel to transfer a quantity of arms to Iran to facilitate the establishment of a channel to an authoritative Iranian, [redacted] and Menachehr Gorbanifar, who might be useful in helping get the release of U.S. hostages. [redacted] was to be the channel for policy; Gorbanifar the channel for hostage issues. McFarlane expressly refused to sanction such a shipment and made it clear that the U.S. would not trade arms for hostages. He did, however, express a strong interest in establishing a channel to Iran, and in response to a question he opined that the USG would not stop selling arms to Israel if a transfer occurred.
>
> McFarlane apparently informed the President of this action.

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-- USG got agreement from Iran [redacted] Poindexter believes this has been done.

-- Israel agreed to ship only what the USG allowed, but Poindexter believes Israel has shipped what it wanted to ship, though such shipments may now be suspended or slowed;

-- Iran paid in advance for these shipments to Israel, which paid the USG through a "proprietary". Poindexter is sure that the arms merchant took his profit, but does not know how much was paid by Iran, only how much was paid to the CIA and DOD;

-- NSC kept no memcons of any of the meetings involved, Poindexter said. Some recordings do exist, however, of meetings with Iranians. (Sofaer asked that they be transcribed promptly.)

-- At least one contact has been made after public exposure of this channel. The Iranians indicated they were still trying to obtain the release of two remaining American hostages, and to find out the location of the three hostages most recently seized;

-- Poindexter believes the USG should continue to pursue the objectives of the Finding, but did not say anything about future arms transfers. He said that the effort was now less tightly held so State could be more involved.

-- Armacost and Sofaer emphasized the need to prepare all witnesses carefully, and to answer correctly all questions, especially those related to activities prior to January 17.

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6. January 14, 1986. The President signed a finding on Iran. (Poindexter showed it to Armacost and Sofaer.) It is carefully drafted; it stresses the strategic issues and mentions the return of the hostages as the third objective being sought.

7. February-April 1986. Meetings took place between representatives of the U.S. (NSC and CIA), Israel, and Iran [redacted]. The Iranians with whom the U.S. was in touch were young; they claimed that the U.S. needed to demonstrate thje tangible benefits they would derive from dealing with the U.S. through arms transfers, including TOWs.

The U.S. periodically gave the Iranians intelligence [redacted]

Additional shipments of arms were also provided during this period, specifically 1000 TOWs to Iran and 508 TOWs to Israel to replace the September 1985 shipment.

8. May 1986. McFarlane visited Tehran and attempted to establish higher contacts. He eventually met advisers of the leadership, but none of the three top leaders was willing to meet him. The Iranians wanted the meetings, but failed to prepare for the visit. (Poindexter attributed the disappointing results of the trip to Iranian disarray. He gave Armacost a copy of the talking points prepared for McFarlane's use in Tehran.)

9. May-November 1986. Discussions and other activities continued. (Thompson had told Sofaer earlier in the day that at least one shipment of arms may have reached Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran.) The operation became public when an Iranian faction sought to embarrass Rafsanjani [redacted]

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3. September 1985. Israel transferred 508 TOW anti-tank missiles to Iran. It is not clear what understandings there may have been with respect to USG replacement of equipment shipped by Israel to Iran.

[illegible] A meeting was held in the President's quarters to discuss the issue, with Secretaries Shultz and Weingberger present. Both objected to such arms transfers, citing, inter alia, legal obstacles.

The NSC subsequently asked Attorney General Meese to review the legal issues.

4. October-December 1985. Meetings occurred in London and elsewhere between McFarlane, CIA and NSC officials, Iranians, and Israelis, at least initially to cHeck out the bona fides of [redacted] and Gorbanifar, a second Iranian channel. Prime Minister Peres chose his counter-terrorist coordinator, Aviram Nir, to represent Israel. These discussions made clear that the September transfer had potentially opened a channel for the U.S. to [redacted] who actually attended a December meeting with McFarlane in London. (Poindexter told Armacost he was unsure whether the Israeli initiative reflected their desire to be helpful or their search for sanction for their own arms shipments. Israel agreed to ship only what the U.S. asked it to, but it is likely it shipped whatever it wanted. The NSC assumed it couldn't verify Israeli activities and sought therefore to harness them to its own "project.")

At the December meeting, McFarlane laid out U.S. objectives. [redacted] told him that Iran could stop hostage-taking and that Khomeini had issued a Fatwa (religious pronouncement) to the effect that terrorism is inconsistent with the Koran. (No one has been able to corroborate whether such a document was actually issued.)

5. ~~December 1985~~ January 1986. A meeting was held in the President's quarters with Weinberger, McFarlane, and Meese in attendance. (Poindexter was unclear as to whether Shultz was present). The President heard a report on the project, as well as all views, and was told by Meese that he culd lawfully proceed with the plan as a covert intelligence operation. The President decided to proceed and ordered the preparation of a finding.

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MEMORANDUM OF CONVERSATION

On 18 November 1986, at 6:00 p.m., Armacost and Sofaer attended a meeting with Adm. Poindexter, at Poindexter's request, in his office. NSC attorney Paul Thompson also attended. Poindexter presented a review of some of the facts of USG arms transfers to Iran. Although Poindexter referred from time to time to a document that appeared to be a chronology, the presentation was not strictly chronological, and was interrupted periodically by questions from Armacost and Sofaer. The following outline emerged:

1. June 1985. The idea of opening a channel to Iran was expressly considered in connection with a proposed NSDD which included arms sales as a strategy. (DOD and State opposed arms sales.)

2. July 1985. Kimche visited the U.S. and proposed to McFarlane that the U.S. allow Israel to transfer some arms to Iran in order to establish a channel to [redacted] McFarlane refused expressly to sanction such a shipment, and made clear that the U.S. would not trade arms for hostages. He did express a strong interest, however, in establishing a channel to Iran, and in response to a question he opined that the USG would not stop selling arms to Israel if a transfer occurred. He apparently informed the President of this action.

3. September 1985. A transfer of 508 TOW anti-tank missiles occurred from Israel to Iran. A meeting was held in the President's residence, at which Secretary Shultz was present to discuss this issue. GPS and Weinberger objected, and raised legal obstacles to arms transfer.

4. October-December 1985. Meetings occurred in London and elsewhere between Casey, other CIA officials, NSC personnel, Iranians, and Israelis. Peres chose Nir to represent Israel. These discussions made clear that the September transfer had potentially opened a channnel for the U.S. to [redacted] who actually attended a December meeting with McFarlane in London. At this meeting, McFarlane laid out USG objectives, and was told by Gorbanifar that Iran could stop hostage taking, and that Khomeini had issued a Fatwa (pronouncement) that terrorism is inconsistent with the Koran.

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5. December 1985. A meeting was held at the President's residence, attended by Weinberger, McFarlane, and Meese. (Poindexter was unclear as to Secretary Shultz' presence.) The President heard a report on the project, as well as all views, and was told by the Attorney General that he could lawfully proceed with the plan as an intelligence operation. The President decided to go ahead and ordered a finding prepared.

6. January 17, 1986. A finding on Iran was signed. (Poindexter showed it to Armacost and Sofaer. It is well drafted, and stresses the strategic issues, mentioning the return of hostages as the third objective being sought.)

7. February-April 1986. Meetings took place between representatives of the U.S.(NSC, CIA), Israel, and Iran [redacted]. The Iranians with whom the U.S was in touch were young and claimed a need to demonstrate through arms transfers (specifically including TOWs) that they were dealing with the USG. The U.S. periodically gave the Iranians intelligence [redacted] Additional shipments of arms were also provided during this period, specifically 1000 TOWs, plus 508 TOWs to replenish Israeli shipment in September 1985.

8. May 1986. McFarlane visited Tehran and attempted to establish higher contacts. He met advisers of the leadership, but none of the three top leaders was willing to meet him. The Iranians wanted the meetings, but failed to prepare for the visit. (Poindexter gave Armacost a copy of the talking points prepared for McFarlane's use in Tehran.)

9. May-November 1986. Discussions and other activities continued. (Thompson had told Sofaer earlier in the day that at least one shipment of arms may have reached Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran.) The operation became public when an Iranian faction sought to embarrass Rafsanjani, [redacted]

Other facts communicated by Poindexter including the following:

-- USG shipped a total of 2008 Tow missiles, and 240 line items (spares, etc.) for Hawk air defense batteries (which U.S. experts believe will prove useless);

[redacted] NO. 1 OF 2 [redacted]

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DEPOSITION
COLONEL JAMES J. STEELE, USA

Tuesday, April 21, 1987

Select Committee on Secret Military
Assistance to Iran and the Nicaraguan
Opposition,
United States Senate,
Washington, D.C.

The deposition convened at 9:00 a.m. in the Select Committee's secure conference room, Hart Senate Office Building.

Present: Mark A. Belnick, Executive Assistant to the Chief Counsel, Senate Select Committee; Clarence H. Albright, Jr., Associate Counsel, Senate Select Committee; Roger L. Kreuzer, Investigator, House Select Committee; Dan Finn, Associate Counsel, Senate Select Committee; John D. Saxon, Associate Counsel, Senate Select Committee; Richard J. Leon, Staff Counsel, House Select Committee; Arthur L. Liman, Chief Counsel, Senate Select Committee; and Thomas Polgar, Associate Counsel, Senate Select Committee. Also present: Robert J. Winchester, Special Assistant to the Secretary of the Army and Colonel John K. Wallace, U. S. Army

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EXAMINATION

BY MR. BELNICK:

Q Colonel, would you state your full name for the record, please.

A James John Steele

Q And you are an officer in the United States military?

A That's right.

Q Your rank?

A Colonel.

Q What's your current assignment, sir?

A I'm presently assigned to the Nuremberg Military Command in Germany.

Q And what was your assignment immediately before undertaking your present one?

A Well, I was the MILGROUP ~~Nuremberg~~ Commander in El Salvador from May, actually June of 1984 until the first November of 1986.

Q Where were you headquartered in that capacity?

A San Salvador

Q At the American Embassy?

A That's correct.

Q To whom did you report at the Embassy?

A Ambassador Corr, and prior to that his predecessor, Ambassador Pickering.

Q Did you have reporting responsibility to anyone in Washington, DC?

A Reporting responsibility? Let me answer the question this

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way. I was, I had responsibilities to the Ambassador to CINCSOUTH, to the Director of DSAA, and I suppose also to the Joint Chiefs in the Army Staff. MILGROUP Command is not a clear-cut type chain of command. I certainly had responsibilities to answer to Department of State and, on occasion, the NSC.

Q Who was your immediate superior military officer in the chain of command?

A That would have been General Warner, initially, then General Taylor; the CINC head put them in charge of Central America. However, in both cases with General Gorman and with General Galvin. They took a particular interest in El Salvador, so I found myself dealing directly with them I would say a good bit of the time.

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Q What was General Gorman's position in the military during your assignment at El Salvador.

A He was the Commander-in-Chief, SOUTHCOM

Q Where was he stationed?

A Panama.

Q Did you know a gentleman who used the name Max Gomez while you were commander of the MILGROUP in El Salvador?

A Yes.

Q What was the other, what was his real name?

A Felix Rodriguez.

Q When did your first meet Mr. Rodriguez?

A I don't recall the exact date, but it would have been probably in the Spring of 1985.

Q Do you recall how you met him? How he came to your attention?

A Yes.

Q Would you tell us?

A I first heard about him from I believe from General Bustillo, the Commander of the Air Force in El Salvador. Then later from General Blandon, the Chief of Staff of the Salvadoran Armed Forces. Felix Rodriguez had met with them while they were on subsequent trips to Washington and had offered to come down and assist the Salvadoran Military fight against the guerrillas. And I met him when he did come down, again the date I don't recall, but it would have been the Spring of `85, and sat in on a meeting with then Ambassador Pickering. That's my first recollection of meeting him.

Q The meeting with you, Ambassador Pickering and Rodriguez was held at the American Embassy?

A Yes.

Q Was anyone else at that meeting?

A Not that I recall.

Q Had you heard prior to that meeting that Mr. Rodriguez had been a employee of the Central Intelligence Agency?

A Yes.

Q From whom did you hear that?

A From Ambassador Pickering.

Q And what else did Ambassador Pickering tell you prior to the meeting about Rodriguez?

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A He had told me that Rodriguez was, wanted to come down, and that he had made it fairly clear to me that he wasn't real enthused about it, nor was I, quite frankly, because we're talking about a kind of a, sort of a, loose cannon--someone who really didn't seem to work for anyone. And that one of the things that Ambassador Pickering said was that he wanted Felix Rodriguez to talk to then, to the CINC, ____General Gorman before he came, and I guess get Gorman's opinion as to whether he ought to come up or they ought to try to discourage him.

Q Did Ambassador Pickering ask you to do anything in that regard?

A I don't think so. I think he made a call himself to General Gorman, although I'm not sure about that. In any case, Felix Rodriguez did go to SOUTHCOM prior to coming up and had talked to Gorman.

Q Did you understand that Felix had a sponsor in Washington, DC?

A Well, maybe a sponsor is not the right word. But he had a, there was a fellow named Don Gregg who was a friend of his, who spoke very highly of him, I guess is the best way to put it, and Ambassador Pickering did mention that.

Q And you knew that this fellow named Don Gregg was then Assistant to the Vice President of the United States for National Security Affairs?

A At the time I didn't, I knew he was somewhere up there in the stratosphere, but I didn't....

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Q You came to know that Gregg had that position?

A Yes.

Q Alright.

Q Now again, can you tell us to the best of your recollection when the meeting was among you, Rodriguez, and Ambassador Pickering at the Embassy?

A March '85.

Q Prior to that, do you remember sending any messages to General Gorman about Felix Rodriguez?

A I didn't send any messages. I had a conversation with General Gorman at some point. I don't recall whether it was on the telephone or it was in person. He also, quite frankly, had reservations about Felix Rodriguez.

Q Did Ambassador Pickering, to your knowledge met with Rodriguez about Rodriguez's potential assignment in Salvador before the meeting among the three of you?

A My impression was no.

Q Colonel, what was the backchannel for communicating to General Gorman?

A Well there were several ways: one, you could pick up a telephone, a classified phone and call him and there was, for the Ambassador, he certainly could send in effect a backchannel message to him.

Q Did you ever send backchanneled messages to General Gorman?

A It's possible, it's possible--rarely though, if I did.

Q Do you have a secretary named Bette Silva.

A Yes.

Q Was she your secretary the entire time of your assignment in El Salvador?

A No.

Q When was she your secretary?

A Gosh. I would guess--I'd have to go back and check, but she was there the last 8 months maybe; 2 years.

Q Would you mark this document as Steele Exhibit 1 for identification, please?

Q Alright, Colonel, for the record the document now marked as Steele Exhibit 1 is a 2-page document; the first page of which is typed on the letterhead of U.S. Military Group El Salvador dated 1 February '85. Is that your signature on the document where it says Steele.

A Yeap.

Q On the second page of the Exhibit appears to be a typed message. Do you recognize this document, Colonel?

(Pause.)

A There's no reason to believe that it isn't accurate. I don't remember, you know, the details of the message, except I think it is consistent with what I just told you.

Q Well, the top page is a memo from you to Ambassador Pickering reading, "Per your guidance, attached is a draft backchannel to Gen Gorman on our "no pay" mercenary." What did you mean by "draft backchannel"?

A Well, as I recall, I knew that Ambassador Pickering had conferred with the CINC about this. I didn't remember this specific backchannel message, but it's consistent with the guidance I recall getting from Ambassador Pickering, which was to put together, in this case, probably to put together a message for him that said he had some concerns about it and he wanted Rodriguez to talk to him before he came.

Q Who was the CINC at that time?

A General Gorman

Q Now, what is a backchannel? Let me refine the question. What did you mean in this memorandum when you said that this was a "backchannel to General Gorman?"

A Only that it was a message that was to go to him only, and not to everyone on the staff.

Q And how was it to go to him?

A To be sent out over the wire.

Q And why did you intend that it be sent as a backchannel?

A Well, I think because, probably because that was the guidance I got from the Ambassador, but I don't remember it. I don't remember exactly what he said, but it's very common for Ambassadors and Generals to talk to each other through what is referred to as backchannel messages, and this wasn't anything particular.

Q Do your recall receiving a response to this message from General Gorman?

A No.

Q There was, do you recall General Gorman telling you that

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Rodriguez's primary interest would be in assisting the Nicaraguan Resistance when he got to El Salvador?

A No.

[redacted]

Q Let's mark this next document as Steele Exhibit 2.

(Pause)

Now, Colonel, I apologize for the quality of the printing on Steele Exhibit 2, but it's the best copy that we have. Steele Exhibit 2 for the record is a 1-page copy of what appears to be a telex or cable message from General Gorman to Ambassador Pickering and Colonel Steele in February of 1985. In the upper right-hand corner of the copy it says, "File for me" and there is the initial S. Did you write that, is that your handwriting?

A Yes.

Q That's your S.

A It sure is.

Q Okay. Now why don't you take a moment to look at this message, apologizing for the quality of the copy, and see if it refreshes your recollection as to what you heard back from General Gorman about your "no pay ~~note "pay~~ mercenary."

(Pause)

A Well, I don't remember the memo, but it certainly appears to be accurate.

Q Alright, and do you see in this message from General Gorman to you and Ambassador Pickering, it states, "Rodriguez's primary commitment to the Region is in [redacted] and he wants to assist the FDN." Do you see that?

A Yes, I see that.

Q Seeing that, does it refresh your recollection that that is what General Gorman told you about Rodriguez's commitment to the Region?

A Well, that's what the message says. I mean it was very clear to me though that after Rodriguez got there, that that was not his primary commitment.

Q We'll get to that in a minute. [redacted]

[redacted] My job was El Salvador--it was the largest program in the hemisphere. You know, I probably read 50 messages a day and so the answer is no, I don't remember this specific message, you know, but that's not to say that it isn't accurate. And that certainly is not to contradict what General Gorman said, but I'm just telling you that I don't remember the message specifically.

Q At that time in February 1985, you knew that Congress had prohibited American military aid to the Nicaraguan Resistance, right?

A Let's see. Well, I don't remember the exact dates where we went from a not giving them any military assistance to giving them non-lethal kinds of assistance. But at some point there was a change there.

Q Do you recall if I represent to you that as .....of October 1984, what's known as Boland Amendment II came into effect and all American aid was banned and then sometime in 1985, late '85, there was humanitarian aid. But during this period, February 1985, American military aid was prohibited. Does that refresh your recollection?

A Military aid, in you mean lethal aid?

Q Um-hum, lethal aid, yes.

A Yea.

Q Yes. Alright. And General Gorman was telling you in this message that Felix Rodriguez, who you had told him in a draft cable had high-level contacts at the White House, Department of State, and Department of Defense, was coming down committed to assisting the Nicaraguan Resistance. Isn't that something that would have stood out in your mind at that time, in light of the Congressional prohibition?

(Pause)

A Well, I'm not quite sure how to answer the question except to say that the whole Felix Rodriguez thing was sort of a unique arrangement, and I didn't feel as though I was trying to train him on this thing. The idea was for him to talk to the CINC and me to talk to the Ambassador before we did anything that related in any sort of official contact with Felix Rodriguez.

Q Weren't you assigned to monitor Rodriguez's activities once he got to El Salvador?

A Yes, in a sense I was.

[redacted]

Q During that time wasn't the American Embassy and the Military Group providing Rodriguez with logistical and administrative support?

A Of a limited nature. Mostly designed around his personal security.

Q And on whose orders were you doing that?

A Whose orders. Certainly the Ambassador was aware of it. I

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mean I'm not trying to shirk the responsibility for what I did, no.

Q But Ambassador Pickering was aware of it?

A I don't know what exactly Ambassador Pickering was aware of as far as Felix Rodriguez. I know Ambassador Corr knew that he had, for example, he had an Embassy radio in case he had a problem.

[redacted]

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Q [redacted]

A

Q Alright. Did you understand from this message that, to the extent we can read it if you look at the same part of the telex that talks about Rodriguez's primary commitment, that you were being asked to put Rodriguez in touch with that unit, or to make him aware of its capabilities in connection with Rodriguez's own commitment and interests?

A Yea, but, again, you know that organization didn't have any responsibilities that I was aware of that went outside of El Salvador that had anything to do with the Contras.

Q Well, let me ask you this...

A That was [redacted] that probably aligned very closely to the kind of thing that Rodriguez had done in Vietnam [redacted] was the ideal kind of unit to follow-up on an operation like that, and I think that's the reason why he suggested he get linked up with them, and I did that.

Q Let me just ask that this next document be marked as Steele Exhibit 3. This document, for the record, is a 2-page backchannel message and appears to have come from Ambassador Pickering. And again, Colonel, is that your handwriting indicating that you wanted this document filed for you?

A Yes.

Q Alright. Take a moment please to look at the message and see if you recall it at all. Were you at this meeting between Ambassador Pickering and Rodriguez--is this the meeting you referred to before?

A This is the meeting I referred to.

Q Now looking at that, plus whatever you independently recall, can you tell us what happened at the meeting among the three of you at the Embassy?

A Okay. The background to this was again reservations on everybody's part--myself, Ambassador Pickering and Gorman, at the idea of Felix Rodriguez coming to El Salvador. Things started to turn around, though, when he went down and talked to General Gorman.

Q When Rodriguez had talked to Gorman?

A Yes. ~~You~~ know, if you know Gorman, this message he sent, which is consistent with the general feeling that I got from him is that he was impressed by Rodriguez as opposed to saying this is a dumb idea, which is the kind of the initial impression that I got from General Gorman. And, Ambassador Pickering was still very, you know, kind of, what's the word--he was very suspicious of having Rodriguez come. In the note here about the "no pay mercenary" is sort of a ~~[illegible] (sp?)~~ cynical reference to Rodriguez because I think we both, I and the Ambassador, talked about him and this probably ~~went~~ wasn't all that great an idea ___ ____ _____. He came up and in the meeting he sat down with Ambassador Pickering and my sense was that he kind of turned him around.

Q Rodriguez turned Gorman around?

A Well, he turned Pickering around. And I have to admit he turned me around. Because he laid out a tactical scheme that I thought would work in El Salvador.

Q This was [redacted]?

A Yea. And the net result of that meeting, and I didn't know quite frankly; I didn't remember that this all had been recorded in message traffic. But that's a fairly accurate record of it, and as you can see, you know, Pickering basically came on line and said it's probably a good idea the guy sticks around and works with the Salvadorans.

Q Did Felix tell you how he, did he say--what kind of support rather--I know nothing about military matters, so if I ask a question in a way that's screwy, I apologize, but you correct me. Did you tell you what kind of support he would need from the MILGROUP or the Embassy?

A Not really. He came in and said that he would like to have a chance to go out and work with [redacted] as well. And that, you know, he basically had a little pitch that he gave--he had a little book and he had pictures in it and so on and it was kind of persuasive. And so what I -- well ~~Well~~, the answer was, the long-winded answer was, no, he really didn't outline his requirements although he outlined what the concept was and implicit in that were obviously that he needed [redacted]

Q Do youx remember, Colonel, if he said anything at that time about his interests in assisting the FDN?

A He never said anything to me. As a matter of fact, as this message here would suggest, there's no mention in it....

Q Steele Exhibit 3.

A ...because nobody was really thinking in those terms, except, I guess General Gorman, when he wrote the message back.

[redacted]

Q Do you remember, Colonel, Felix Rodriguez's first successful mission in El Salvador?

A Very clearly.

Q Could you tell us about that?

A Well, successful. You want to hear about the unsuccessful and then the successful one?

Q Sure. Do both. First, the bad news and then the good news. Do it the way my wife tells me about the latest bills.

A The bad news for Felix Rodriguez when he first started out was--I took him over and introduced him to [redacted] and they basically gave him the cold shoulder. They said we're not interested and they had their own agenda, and they pretty much saw him as an intruder and didn't really want, they felt as though they knew how to do this kind of thing and they didn't need somebody to come in and telling them. Which was probably kind of a way of describe the whole attitude that [redacted] had, [redacted]

[redacted] In any case, he went out there and was turned off by [redacted] talked to the Commande [redacted] again, and they agreed to try his scheme [redacted] And they did an intell assessment and they came up with a plan, and they went out and tried to execute it and it was a disaster, basically. [redacted] so it was a fiasco. And they came back in and I got kind of an assessment of what happened, and I sat down with the Commande [redacted] and Felix Rodriguez was there and I said, "You know, as individuals you guys are great pilots, but I said, you know, this is really a lousy operation." And they basically, I mean my ~~sense~~ was that they didn't want it to succeed because they saw ~~this as an~~ sort of an intruder's ___________ view of how to do things. And, while we were sitting there talking about it, they got a report [redacted] "Well we've got another report here, so we'll go out and try it again and you can grade us when we get back." You know, kind of a snide way of saying that this was all a bunch of bullshit. In any case they did take off [redacted] so it was sort of an immediate success, and that was the beginning of Felix Rodriguez's ascendance to great favor with [redacted]

Q This document's to be marked Steele Exhibit 4, from Don Gregg congratulating Felix and I guess you on that first mission.

A I'm glad you're showing me the letters now before you ask me about them.

Q Well, you know we vary it...

A Yeah, I remember the letter.

Q What is the note that Gregg has penned in on the front page, "Tell Felix not to take too many chances!", was Rodriguez a great risk taker?...

A Yeah, he is a great risk taker. I'm sure sure...oh, this is the letter.

Q What it appears to be, Steele Exhibit 4 is a letter to you from Don Gregg dated April 29, 1985, and attached to it, and I don't know whether he sent you that or not, I was going to ask you. This is how we got the letter...

A I didn't get this...

Q from Don Gregg to Felix Rodriguez describing, I believe, the

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successful mission that you just told us about.

A Yeah. I didn't, this was the only thing that I saw that I recall.

A. Yes.

Q That is the letter to you from Don Gregg? Q Okay. Now, if I could jump ahead for a moment, Colonel, sticking with Felix Rodriguez, to 1986. Let me first ask you--do you know a gentleman named Robert Dutton? Right?

A Yes.

Q And who did you understand him to be, and what did you understand his role to be [redacted]

A He came down, the date I don't recall, it was in '86, early '86. And Felix Rodriguez got in touch with me and said this fellow was in town that he'd like to meet with me. [redacted] He, Rodriguez, thought it would be a good idea if I met with him. And so I did. It wasn't clear to me at that point exactly what his role was [redacted] that he had just retired from the Air Force, I believe. [redacted]

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[redacted]

Q Right.

A [redacted] I don't know if [redacted]'ve talked to Felix Rodriguez, but the guy is--I mean his hatred is Castro and he's strong anti-Communist and anything he could do to assist, I think against the Nicaraguans or the Cubans, he would do it, [redacted]

Q Did you know Colonel Gadd to be involved with that private

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organization?

A I've heard Gadd's name [redacted] and others, but I don't know Gadd.

Q You never met him to your knowledge?

A To my knowledge I have not met him.

Q Did you know a fellow named Bobby Owens, O-W-E-N-S, did you meet him?

A I met a guy named Bob Owen [redacted]

Q That's right.

A The one Owen that I met, I met Owen one time, who was a fellow who had introduced himself to me as a guy who was with the humanitarian assistance thing. I saw him [redacted] one time, a 5-minute meeting, that was the extent of my dealings with him.

[redacted]

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Pages 22 through 46

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[redacted]

A Okay. Let me define my relationship with North.

Q Please.

A As I said before, I had a lot of people that, as a MILGROUP Commander, that I was dealing with. The guy, when I'd go to Washington and I'd try to go about maybe every 6 months, perhaps every quarter, depending on where we were in the budget cycle. There were a number of people that I felt that was absolutely critical that I talk to and this was related to funding for El Salvador. One of those was within DOD, specifically General Gast in DSAA; within the State Department, Abrams, Walker--they were big players--Snyder, in terms of us getting resources that we needed. And at the NSC, North. And whenever I went to Washing[illegible] I'd try to talk to one or all of those people. Particu[illegible] if we were in a period where we were fighting for resources which was almost all the time. So I had occasions to talk to North, and it was not related to the Contras. In fact, my first contact with him had nothing to do with Contras, they were related to this. [redacted]

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[redacted]

Q Did you find that curious?

A Listen, I mean the conversations with Oliver North, you know, I mean I don't know if you've ever had any, but I mean..

Q As soon as they repeal the Bill of Rights..

(Laughter)

Q We'll have one..

A Rarely did you did get a chance to have a conversation that lasted more than about 3 minutes. The guy was like a..

Q Like talking to Arthur Liman..

A like a one-armed paper hanger, you know he's talking on this phone--he's talking on that phone. He's in, he's out. So you know I..

Q But in between hanging the wallpaper, did he tell you at any

[redacted]

Q Okay. Did you, on your visits to Washington, keep Elliott Abrams or Bill Walker advised at all about what Rodriguez was doing?

(Pause)

A ~~[illegible]~~ I don't remember having a specific conversation with him about Rodriguez, but it's possible.

Q Well, did you keep Abrams and Walker advised, generally,

[redacted]

A I may have discussed it with Walker on an occasion, but most of that I pretty much left to the Ambassador, because he was dealing with them pretty much on a, probably a weekly basis, at least. [redacted]

Q Your reports were then solely about El Salvador as you recall it to Walker and Abrams?

A That's my recollection....

Q How about C/CATF [redacted] Did you meet with him when you came to Washington?

A I never went to see him directly, but he was at a number of meetings that I've attended. [redacted]

Q Di[redacted]give you any instructions or [redacted] make any requests of assistance to you?

A Not that I remember. [redacted]

[redacted]

A I knew you were going to ask me that. (Pause) You got it there...

Q I don't know if I have it there...I have some messages. (Laughter) I mean if you think I can decipher these, to me they're still in code, but go ahead.

[redacted]

Those, that was kind of it.

Q I have in my hand what appear to be copies of some messages that went over that device. And I'd like to just go over some of them with you and see if you can help me understand them. Okay. Let me give you this one first and ask the reporter to mark it as Steele Exhibit 6 for identification. Do you see the number RD, you can ignore it--those are numbers we put on. This document happens to bear number RD triple zero three eight seven. It a message that I believe is reprinted [redacted] sent by Bob, who I have reason to believe in this instance, means Bob Dutton. And it starts at the top, "you need to pass all info re/ tasking problems to Steele. He is now the [redacted] USG representative with interest in our operations [redacted]" Why don't you just take a look at that.

(Pause)

~~(TAPE DELAY)~~

Would you mark the Steele Exhibit 7

Q ...which is numbered RD triple zero three eighty four begins the same way as Steele Exhibit 6, only it continues with a message for Steele from McAllister, which you'll see mid-way down the page.

A Okay, I have not seen this message.

Q Alright. That was referring to Steele Exhibit 6. Now take a look at Steele Exhibit 7.

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(Pause)

Q Steele Exhibit 7, as I said Colonel, begins the same way as 6, which you just read, then as you see it goes on and says for Steele from McAllister. Did you know a McAllister?

A McAllister was, I found this out later, was Dutton. Same guy.

[redacted]

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[redacted]

Q Okay, let me show you another one. But before we do, let's stick with Exhibit 7 and 6 for a moment. At the beginning of these messages, whomever is being addressed, and we can't tell from the sheet. It starts, "you need to pass all info ref tasking [redacted]lems to Steele. He is now the [redacted] USG repres[redacted]ive with interest in our operations." [redacted]

A Well I'm not sure what that means.

Q [redacted]

A

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[redacted] and yes, it's true that I did have interest in their operation.

Q Then if you look, continuing in Exhibit 7, there are numbered paragraphs before the message to you. There is a number 3, and it says, "Steele may be able to help with [redacted] requests and clarifications of mission parameters..use him..he is a friend. [redacted]

Q Did you have dealingSwith [redacted] while you were in Salvador?

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A No.

Q No communications with him?

A No.

Q Okay. Let me show you this document, and ask..

A I don't remember ever talking to him at all. In fact I didn't even, I didn't even know his name until the Tower people told me his name as part of the questioning process.

Q So to the best of your knowledge you never met [redacted]

A That's right.

Q Colonel, let me please show you Exhibit 8. RD triple zero three eight three. [redacted]

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[redacted]

Q Okay. Let me, before we take a break.. Yes?

A A couple of messages..

Q A couple of message. Before we take a break [redacted]

Q We'll take a break.

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(Resume after break)

Q I have, Colonel, ~~I~~ better copies of the document that was previously marked as Steele Exhibit 2, and I'm just going to ask the reporter to mark this better copy as Steele Exhibit 2A, and ask you to look at it briefly, I'm not going to ask you to ~~[illegible]~~ retestify, but just to confirm for me for the record that it appears to be the same message as the one previously marked as Steele Exhibit 2. I believe it to be the same and, only easier to read.

A Yeah, it looks the same to me to me too.

Q Okay, that's Steele Exhibit 2A.

(Pause)

Q Now, getting back to these message[redacted] I want to show you a few more, if I may. Okay. This next one I'll ask the reporter to mark as Exhibit 9. I'm going to show it to you. Colonel, it's from Bob--the document does not indicate to whom Bob is speaking on this message, but when you look at it, you'll see references to your name, and my question is really going to be not whether you recall seeing this specific message, but whe[redacted] you have any recollection of the subject matter that the me[redacted] discusses. And while the Colonel is reading it, this is Bates number RD triple zero three eight eight. Exhibit appears to be August 22, 1986.

(Pause)

A Well I ~~(tape delay)~~...haven't seen the message before as to the content. (Pause) Well you know these are the same kind of

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issues that were in the other one..

Q Sure.

[redacted]

Q Do [redacted]ecall the name Bill, or William Goode, G-O-O-D-E or G-O-O-D?

A Bill, I don't. But I remember that Goode was a name that North used.

Q How did you learn of that cryptonym for North?

A He told me he was using that name.

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Q Did [illegible] tell you when he was using it? Or why. Did he tell you, did North tell you on what occasions he would use the cryptonym Goode?

A No, he just said that if, that he would be using the name Mr. Goode, and that, I got the impression that he was using it for not; I mean I would call his office and his secretary would say, "Mr. Goode is not in." You know, I mean.... (Laughter) It wasn't a great secret.

Q (Laughter) Excuse me. Did Mr., did North tell you at any time that if you got a message that referred to Mr. Goode, or was said to be coming to you from Mr. Good that you should understand that it was coming to you from Ollie North?

A Did who tell me that?

Q North. Or anyone tell you that if you received the message from a Mr. Goode it was coming to you from Oliver North?

A Well, I guess, yeah that would follow. He said he was using the name.

Q Did you ever hear the name, Copp? C-O-P-P?

A No. The only time I heard it was when I was at the Tower Commis[illegible] They asked me the question about the name Copp. But I neve[illegible] it before.

Q And you never received messages from someone identifying himself as Copp?

A ~~([illegible])~~ No.

Q Okay. Let me ask you if you recall, then we'll go back and look at some more of these messages. A conversation with Dutton

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in early August of 1986, informing you that the bosses or the chiefs of the private organization had decided to keep three aircraft in place, and asking you to inform [redacted] the three aircraft of the private organization were going to remain in place. Or anything to that effect?

A Well I only remember two meetings with Dutton.

Q Alright. You told us about the first. Tell us about the second..

A The second meeting was a meeting in Washington. (Pause) I'm trying to remember exactly what the content of that was. I know it had to do with--I'm sure it had to do with the continuing problems with ~~of~~ Felix Rodrigues, and also I know that it had to do with. I got the impression that Dutton was, that they were considering cancelling their operation, but that..

Q Let me see if I can refresh your recollection with this document, which I'll ask the reporter to mark as Steele Exhibit 10. It's Bates numbered RD triple zero three nine four. Appears to be dated August 20, 1986. [redacted] And there's a little handwritten notation above t[redacted]ped text which reads "to Goode". But why don't you take a [redacted] at Exhibit 10, Colonel, and see if it refreshes your recollection of your second meeting with Dutton?

~~(Tape off; delay in beginning)~~ A. Who is Dick?

Q I believe your question was who was Dick. I believe it's; I mean I; the fun part of this is that I get to ask the questions. (Laughter) But I think that, I think that Dick is Secord,

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although I'm sure that's who it means here.

(Pause)

Q Does this refresh; does it again refresh you on what you and Dutton discussed..

[redacted]

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[redacted]

* Mark Steele #10 if not done earlier.

Q In Exhibit 10 you notice at the end of the message that there's a suggestion that the person to whom the message is addressed, and I believe simply from the pencil note at the top, that this note was addressed to North-- it says, suggest you talk

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to Steele and confirm that we are going after the CIA plan and will advise him, close quote. [redacted]

Q Okay.

A I think, I don't remember....

Q Does Exhibit 10 refresh your recollection that you're meeting with Dutton was around the middle of August 1986?

A That would have been about the right timeframe. I was in Washington I know with General Vidas, Administrator of Defense--came up here on a sort of semi-official visit and....

Q And where did your meeting with Dutton take place?

A In a hotel that I was staying at.

Q Do you remember which hotel that was, by any chance?

A The Watergate, I think.

Q That's okay. (Laughter) This is nothing like Watergate. The; was any, was anyone at the meeting other than you and Dutton?

A No. Just the two of us.

Q Do you remember a meeting on any occasion, or in that time period, with Dutton and Bob Earl?

A I never met with Bob Earl and Dutton together.

Q Did you have meetings with Bob Earl? Alone?

A Yes. In fact I found myself talking to Earl probably when I

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went to Washington more than I did North because he was always you know gone or something. Earl was there.

Q So on the occasions you saw Earl that was in the North suite at the Old Executive Office Building? Or the North's, the offices? You never met with Earl outside those offices?

A No.

Q And did you only see him alone on those occasions when North was not there?

A Yes.

[redacted]

Q Okay. Let me move along and ask a reporter to mark this

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* Steele #11

next exhibit as Steele 10. (Reporter: 11) Eleven, rather. It's Bates numbered RD triple zero four oh five; [redacted]

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[redacted]

Q Do you recall, Colonel, ~~(tape delay)~~...Ambassador Corr telling you at any time of a meeting he had attended in Washington at which concerns which had been transmitted by Felix Rodriguez were raised and set out by Don Gregg?

A Yeah, in fact I was at the same meeting.

Q You were at that meeting; that was in Gregg's office?

A Yes.

Q August 12, `86.

A I assume that's; I was at a meeting where that was ....

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Q And Ambassador Corr was there as well?

A ~~(faintly)~~ Yes, sir.

Q [redacted] C/CATF was there? Do you recall?

A Yeah, I think he was.

Q And do you remember that Bob Earl was there?

A ~~(faintly)~~ Bob, yes.

Q How about Bob Burkhardt--did you know him? A. He was there too. Was William Walker there from the State Department, as you recall?

A Yes, I think so.

Q Okay. Anyone else that you recall?

A Don Gregg.

Q Don Gregg. Anyone else?

A That's it.

Q Give us your best recollection of what transpired at that meeting. Let me stop that. Before you do that--how did, how were you asked to come to this meeting. How was the meeting set up?

A Well I was in Washington with the Ambassador and I'd have to go back and check the calendar but I think it was the same time that the Minister of France FINANCE ? was in Washington. I think we were all there together. And said it was a meeting of opportunity...and it was an opportunity to raise some of the issues because Felix Rodriguez had had; well these kinds of things were surfacing. And it looked as though there was a potential confrontation brewing [redacted] This was a way

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of just kind of bringing the thing out, talking about it and seeing what the implications were.

Q So you were asked by Gregg to attend?

A Well I was with Ambassador Corr; he just took me with him when he to the meeting.

Q Now tell me what happened at the meeting, as best you recall.

(Pause)

A It was not a long meeting. It was; one of the issues that was discussed was this issue of the airplanes. ~~That this~~ Q. Who owned the airplan

A ~~(interruption)~~ The confrontation was brewing and that we ought to be sensitive to that. Also concern that Felix Rodriguez was kind of at odds with the private organization, I guess is the best way to put it. Those were kind of the two central things that I recall in the meeting. Things that I remember from it?

Q Sure.

A I remember [redacted] he was critical of the private organization. He said that as far as he was concerned that there wasn't, they weren't going to be a player in the new regime after it came on board..

Q Meaning when the CIA took over?

A Yeah.

(~~tape delay~~) I think people were a little disappointed that

A North wasn't there because he was, I don't know where he was, he was going.....

Q by MR. KREUZER: Who wasn't there?

A Oliver North.

Q MR. BELNICK: Did anyone say; what was the reason expressed for disappointment that he wasn't there?

A Well obviously this was an area he had been deeply interested in.

Q Did Gregg say he was disappointed that North wasn't there or..

A I don't know..

Q But, just the sense..

A he may well have said that.

Q Alright. What else do you remember. Let me try and focus on the question. What did; did Gregg; what was Gregg's position at the meeting. Was he simply articulating the issues?

A I think what; Gregg was concerned about Felix Rodriguez. I mean that was the sense that I got, and he felt as though, you know, Felix was sort of under attack by the private organization, and that he was, he had; I think that Don Gregg said that Felix had talked to him and I think he recalled that you know that Felix had brought out some things about members of the organization and the fact that this was a potential embarrassment, and that sort of thing, and that, and I think what Gregg was trying to do is, you know what are the implications to this, what should we do, and that sort of thing.

Q Let me follow that up. When, in connection with Gregg's comment that Felix had expressed concern about some of the players in the organization--did Gregg give you any names? Let me be specific--do you recall him mentioning Secord, Clines, Chi-Chi Quintero, any of those?

A I don't think Gregg got into those details. I mean I have heard all those names before, but it wasn't clear; I don't remember those names coming out in that meeting at all.

Q How about Ed Wilson group--something like that?

(Pause)

A Part of my problem is that, the names that I've heard change..

Q Sure, it's hard..

A Mixing with the names that were there. I don't know if it was Wilson or who it was, but there was some reference back to the Libyan problem and that sort of thing; but I, you know I'd really be, I'd be doing somebody a disservice if I were to put their name in here, because I'm not sure.

Q I don't want you to do that, and I'm just seeing if any of what I say refreshes or prompts a recollection. If it doesn't, you know by all means, tell me. Did, let me go through some of the people who were there. Did you speak at the meeting?

A Yes.

Q What you recall that you said?

A I told them that, I think as I recall, I was the one who laid out the problem with the airplanes; [redacted] And that we were in for a confrontation and that you know somebody ought to be thinking about what we ought to do when you know this thing kind of blows up and who the airplanes belong to. That, I think that was really the only thing that I said.

Q Did you address the issue of the..

A And I didn't have a solution, either, quite frankly. I mean I didn't know where we were going with this airplane thing, too. You know what I would have, what I wanted to have happen was I wanted them to turn the airplanes over to the Contras, too.

Q Did you address the issue of friction between Felix and the private organization?

A Well, I think that was raised; I joined in the conversation on that. [redacted] And that there was friction. So I guess the answer...

Q How about the question of the nature of the guys involved in the private organization. Did you make any comments on that issue?

A No, I didn't. Because I didn't know.

Q Ambassador Corr. Do you recall if he spoke at the meeting? (Pause)

A He didn't say a whole lot, except you know he said he wanted to; in a way it was really kind of the Ambassador's idea, I think, to get together and talk about it. That's my recollection, and I think he talked to Gregg and said he'd like to come over and talk to him because he kept getting these vibes from me essentially that there was a problem; and so he talked about that, but you know he didn't lay out any kind of plan or anything like that..

Q Or express a viewpoint?

A No, I don't remember if he ever...

Q Was anyone taking notes at the meeting?

A Nobody was designated that way.

Q Did you see anyone taking notes?

A No.

Q You didn't take notes?

A No.

Q Did Earl speak?

(Pause)

A If he said anything, he sure didn't say very much. I remember he was sitting over on the right-hand side and he was very quiet.

Q Was there any discussion in the course of this meeting of North's role in, with the private organization?

A Not that I remember.

Q Did Burkhardt speak?

A I don't think he said a word.

Q [redacted] C/CATF, do you recall anything else he said about his criticism of the private organization and his statement that private regime would not be adopted, if you will, by the CIA?

A That was the only thing I remember him saying. He may have; there was some casual conversation that went on afterward, but I don't remember anything--that was the part that registered with me.

Q Do you recall any discussion at the meeting of the concern that Felix had expressed from time to time, that the Contras were being ripped off by the private organization?

A Yeah.

Q What was that discussion?

A Well just basically what you said..

Q Who raised it? Gregg?

(Pause)

A . Either Gregg or the Ambassador.

Q Tell me what you recall being said on that subject.

A Well it was; it was part of the same discussion about, you know, the scrupulous characters and that sort of thing. I can't remember you know this business of the hand grenades costing X number of dollars when purchased, and so much being charged for them later. So I don't know if that was part of it; it's running together in my mind, but that was sort of the implication to me that Felix had had attacked the private organization in terms of the maintenance of their aircraft; what was going on with the money and that scrupulous characters were involved too.

Q Did Gregg indicate whether he was reporting, or had reported any this information to the Vice President?

A He certainly didn't say anything that I know of.

Q Did he indicate what the Vice President's view's were at all or position on any of this?

A No, in fact I don't even remember the Vice President's name coming up in the discussion.

Q How long did the meeting last? (Pause) Approximately?

A 30-minutes, maybe.

Q Were there any decisions reached? Any consensus formulated at the meeting?

A The only thing that really came out of there, and I'm not sure if it was any, if it was formal, but I certainly kind of took it away that I talked to Felix and see if I could, if we could get him you know to stay away from the private organization and just kind of get him away from them and that we were going to work on this problem with the aircraft and try to formulate a way to deal with it when it happened.

Q When the meeting adjourned--did you stay around for any time and talk to anyone..

A No we had to go somewhere else. I can't remember exactly what was going on, but the meeting ended and we had to leave then. I left with Ambassador Corr.

Q Do you recall whether Dutton was in town at the same time as this meeting?

A Well I think that the meeting that I had with Dutton was part of this same trip, but I'm not sure.

Q Okay.

A It was in; it was close. It was within several weeks anyway.

Q Do you know the name Olmstead? (Pause) Do you remember at any time meeting with somebody who was introduced to you as

Mr. Olmstead? Do you recall meeting someone in connection with the private organization at any time while you were in El Salvador who had one eye? May have been referred to as one-eye Jack?

A No.

Steele #12

* Q Could we mark this next document as Exhibit 12? Exhibit 12, Bates stamped RD triple zero four oh two are several additional [redacted] The first one at the top of the page appears to be dated August 13, and somebody had written in in pen from Bob Earl. Why don't you take a look at these message and, Colonel, you'll see that you're referred to in the one at the top of the page. And possibly the one at the bottom if Jim is a reference to you.

(Pause)

Q Let's talk about the first one. Do you remember the subject matter at least of that message?

A Okay. Alright, now, yeah. Originally..

Q Let me stop for a minute. Off the record before you do that.

A Originally I, originally I wasn't going to meet with Dutton. And then I talked to the Ambassador and he said well, you know go ahead and meet with him. But you know and so that, and so I did reconsider the meeting..

Q You mean you weren't going to meet with him for the second time?

A This was in Washington. The second meeting.

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Q Right. Okay. What about the other part of the message referring to: conduct emergency recall immediately, bring the maintenance and aircrews out of there quietly, etc.

A Well I never seen that or heard of that before.

Q Off the record.. ~~Okay, I'm sorry~~

A ~~A~~ Every so often these guys would go through sort of ~~(tape delay)~~ a lurching thing like this is not worth the effort and we're going to pull out; but I wasn't, I didn't know about that.

Q Did you know somebody named or referred to as Bacon?

A No. I don't know who that is.

Q Alright. Take a look at the message at the bottom of the page which again has a pencil note from Rob Ea., which I think means from Rob Earl. And there're references in that message to Jim. I don't know if that refers to you or not; I would just like you to tell me whether you can tell from the substance of the memo or the message whether you believe that that reference to Jim is a reference to Jim Steele.

A I think it probably is.

Q And reading the message, can you tell what the subject matter refers to?

A Well I had indicated that that I wasn't going to meet with Dutton when I was in Washington.

Q I'm looking at the part that says that a threat of a lawsuit against [redacted] for air piracy close quote. Do you recall such a lawsuit being threatened by someone?

A I don't remember it, but you know there; these guys ...some

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fairly outlandish things from time to time, and that doesn't surprise me.

Q Do you remember them, them being the private organization people, at any point accusing Felix of having hijacked one of their airplanes?

A Oh, yeah, they did that. That's true.

Q Tell me about that.

A I got this as I recall from Felix, but apparently Felix had gone over [redacted] on one of their aircraft and then they had claimed; no, wait a minute, maybe it was from Miami; I can't remember, but they had accused him of diverting one of their aircraft from its maintenance site [redacted] and that he had, you know, he had hijacked it.

Q And I take it that he denied that he had..

A Well, yeah, he did. I mean I felt like it was kind of, kind of silly..

Q Kind of what?

A It was kind of silly. The accusation. But they were really down on Felix at that point.

Q I'm looking at this bottom message again on Exhibit 12: the threat of a lawsuit against [redacted] for air piracy has apparently really poisened the atmosphere for Jim and for the Ambassador about the good intentions of the company; so this is as I understand it was some kind of threat the private organization was making to [redacted] and about suing him? (Pause) Which was causing you and Ambassador Corr problems?

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A Well this went back to the issue of who owned the airplanes.

Q Okay. That's what I thought. Fine. Let me move along. Can we go off the record for a moment?

A Sure. Steele #13

| * Q I want to show you this. Please, Mr. Reporter, Steele 13, Bates numbered RD triple zero four oh. It's hard to see the date, but it's sometime in August though of 1986, and it's continuing about the air priracy lawsuit. Refers to a comment made to VP by Ollie, and there's the statement that this entire issue now borders on ridiculous. And then again near the bottom of the message, says Udall and the other companies are perfectly legal in their activities and I will make this a major issue if Ambassador and Steele do not rectify matter with [redacted] I will not permit Max to tear us up, so forth, signed Dick. I have no reason to believe you saw this message, Colonel Steele; I'm showing it to you as with the others to see if it triggers a recollection relating to this issue.

(Pause)

Q Had you ever heard the name Udall? Was that a company name you were familiar with?

A No. Well, no, I don't think so. I just always referred to him as private organization. I've heard it a number of times since...

Q Right. Is this more of the same bickering between Max, the private organization [redacted] As best you can judge from reading it now?

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A Yeah, that's how I would read it.

(Pause)

Q Had you ever heard the term, [redacted] the plantation, those terms? (Pause) The ranch?

A [redacted] they referred to as; I'm not sure which one was [redacted] and which one was the plantation, but they had a name for that one; they also had a name for the airstrip they had in Co~~a~~sta Rica.

Q In Co~~a~~sta Rica, huh? Did you know who had built that airstrip in Co~~a~~sta Rica?

A No.

Q Did you know anything about where this private organization was getting its money from?

A Absolutely none.

Q Had you ever heard that it was coming from any foreign governments in any way? I'm not referring to the diversion, alleged diversion issue with Iran, but did any; let me, let me back up and clarify it. Had you ever heard that it was coming from private donors in the United States? Any of the funding with the private organization?

A Private donations is the way it was always, you know that, but as far was where it was coming from, I never did know, no.

[redacted]

[redacted]

Q [redacted] let me be specific, had you ever heard that [redacted] had made a contribution for the benefit of the Contras--not through [redacted] but that [redacted] were contributing to Contra assistance?

A Max Gomez mentioned, but it was strictly in the rumor category..

Q Yeah..

A I mean it was nothing ....

Q Excepting that it was in the rumor category, what was the

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rumor that Max told you he had heard?

A That it was coming out of [redacted]. I don't if it was [redacted]

Q Did he say how much he heard was coming?

A Not to me.

Q Did Max, or anyone else, tell you that they had heard that any other Governments were contributing, [redacted]

A No.

[redacted]

Q With the different Contra factions?

A Yeah. Not, he did not ask me to help him or try to engage in any U.S. assistance ....

Q He didn't tell you about any fundraising activities that he was involved in for the Con, excuse me for the Contras?

A No. Although it was sort of implicit; it sounded like he was, he was not only trying to raise money but trying to provide it ...himself.

Q Now, did he, when Singlaub came to El Salvador [redacted] [redacted] from prior testimony of yours--I understand that was in mid-1986. Does that still sound about right?

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A Yeah, I don't remember the exact dates that he came through, but he came through, as I recall it was in '86, and he was trying; actually it turned out to be more of a sales pitch. He had a, had a woman with him..

Q Large, blond woman?

A Yes. And then he had another guy who was an ex-helicopter pilot; he had gotten out of the Army and they were, they were looking; she was specifically interested in some business arrangements [redacted] over some aircraft parts and aircraft, and that sort of thing.

Q Was the woman intoduced to you by name?

A She was. I don't remember her..

Q Barbara Studley?

A That's her, yeah.

Q Do you remember the name of the gentleman who was with them?

A Besides Singlaub?

Q Yeah.

A Uhm. (Pause) He was trying to sell a helicopter package to the Salvadorans. If I heard the name I might remember it.

Q That one I can't help you with, I don't know if anyone here knows. This pilot..

A He was kind of a young guy, you know curly, dark curly hair.

Q Did Singlaub tell you that he had been dealing with Eden Pastora?

A Yeah.

Q What did he tell you about that?

A He said that he had gone down to meet with Pastora and that, had secured an agreement with Pastora to rejoin, reunite with the other organizations.

Q Did he happen to show you, tell you whether that agreement was in writing?

A I think he told me it was. Although I don't remember; he might. I don't know. ... I don't remember if he showed me a paper.

Q Did he show you the agreement that he entered into? .... Off the record, ~~the reason...~~.

(Pause)

Q Did you meet Singlaub?

A Yeah.

Q I understand that you also meet Dick Secord at least once.

A Only once.

Q That was in Salvador?

A That was in El Salvador.

Q In what connection?

A He came through there on a quick trip. He was only on the ground, I would guess for a very short time. And he met with the Ambassador, kind of a courtesy call thing. I can't remember if North was with him or not. I think he was though. That's my recollection that North was with him and that he met with the Ambassador very short and he was gone.

Q Did you learn on that occasion, and if I've asked you this before, I apologize--did you learn on that occasion or any other

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that Secord was involved with the private organization, as you refer to it?

(Pause)

A No. I had the sense that he was, but I never; I never pinned, he certainly didn't say he was, as I recall. And you know that the only time that he came to El Salvador.

Q Did Felix ever tell you that Secord was involved.

A Well he thought Secord was involved.

[redacted]

Q Reaching the end--did anyone in the United States Government ever ask you to provide assistance the Contras while you were on mission in El Savador?

A No.

Q And I understand your testimony in general here today, and you correct me if I characterize it wrong that in what you did you attempted at all times to stay on the correct side of what the law was, as you understood it?

A (~~Softly~~) That's what I tried to do.

Q But it was not an easy line always to walk.

A It was not an easy line and it was, and I know you know, that sometimes I may appear that I'm not, I don't remember everything you've asked, but keep in mind that this was, [redacted] I mean my principal job was fighting a war, at least

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advising the Salvadorans [redacted]

Q Let's go off the record a moment. Ken, let me ask you about this, and then I'll be able to wrap up....

* Ex Steele #14

Q Now mark as Exhibit 14 a document which bears the Bates stamps numbers RD triple zero three nine three and it's another

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couple of messages [redacted] and I want to refer only to the first message on the page, Colonel. Why don't you take a moment to read it. (Pause) ~~(Tape delay)~~ Q. Do you ...have any idea what this message is referring to?

(Pause)

[redacted]

* Ex Steele #15

Q Let me mark as this next exhibit, Exhibit 15. A document which has not Bates stamp number on it, but it is another message [redacted] Colonel, I'll ask you to look at it; read it.

~~(tape delay)~~

Q ...let's mark this one and rexerox yours, Ken. ~~Off the~~ record, let's substitute....

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Q Exhibit 15, somebody has penned in from Steele; let me just read it--from Steele retransmitted to Earl, 18 August, oh nine hundred.

(Pause)

[redacted]

Q Colonel, I have no further questions right now. Let me turn first to my House colleagues and see if they have any questions.

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BY MR. BALLEN: (~~Conversation faint on tape from this point on)~~

[redacted]

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Pages 93 through 95

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[redacted]

Q Did you ever communicate with [redacted]

A I don't know.

Q How about Dewey Clarridge?

A The only time that I ever met with Dewey Clarridge was [redacted] probably '85 timeframe and had a meeting [redacted] with Ambass and I remember briefing him on what was going on with t Salvadoran military.

[redacted]

Q Do you know if North was ever at a meeting with anybody?

A Well ([redacted]) North came [redacted] several times; dates I don't remember. He usually came down to; not usually, I guess he came down on one occasion I remember specifically [redacted] and with either Walker or Elliott Abrams--I don't remember which one. And they had a meeting; they had [redacted] although I don't think [redacted] they had a meeting there with the Ambassador because it more convenient to, they could ....and just

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meet for a few minutes. And I remember that meeting. [redacted]

Q Were you, were you in part of that meeting?

A Yeah, part of it I was.

Q And what discussions were had?

A The Ambassador gave them an update on what was going on in El Salvador. How the war was going. They gave an assessment of how they thought the funding for El Salvador was going to be and what they thought the chances of Congress passing the package for the Contras. That's what I remember. [redacted]

Q Would this be in the Spring of 1986?

A Probably early Summer would be my guess.

[redacted]

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Q Were you present at the entire meeting or you said you participated in some of it.

A I wasn't there for the entire meeting. I was in and out.

[redacted]

Q No further questions.

BY MR. BELNICK

Q ...few questions then we'll wrap up.

BY MR. LEON

Q I have a few questions.

BY MR. BELNICK

Q You want to go next, or let John ask a few and then you ask a few?

BY MR. LEON

Q Doesn't matter to me.

BY MR. BELNICK

Q John, why don't you fire? Then we'll let Mr. Leon go in the ... cleanup position?

BY MR. LEON

Q Good enough.

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BY MR. BELNICK

Q Alright, John.

BY MR. SAXON

[redacted]

Q You had a deputy by the name of David Rankin at one point. Is that correct?

A Not my deputy. He was the Air Force; my Air Force rep.

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Pages 101 and 102

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[redacted]

Q Did you ever have any discussions regarding the private supply operations with Nester Sanchez?

A (Pause) He was one of the people that I talked to when I went to Washington. He was, and I would deal with him as it related to specifically El Salvador; but I certainly well may have told him about [redacted] I don't remember specifically, but it would have made sense for me to do that.

Q Do you remember anything he might have said in those discussions himself?

A He didn't give me any guidance at all.

Q What about Noel Koch--same question.

A I don't think I know him.

Q What about Mr. Armitage--Richard Armitage. ~~(Pause~~) Did you have any conversations along these lines about private supply operations, either directly or as an indirect part of a discussion with any people in the Army hierarchy--Secretary Marsh, for example.

A No.

Q General Wickham?

A No.

Q Admiral Crowe?

A No.

Q Secretary Weinberger?

A No.

Q Secretary Taft?

A No.

Q Mr. Weinberger's military assistant, General Powell?

A No.

Q Could you tell us in any way what kind of guidance or instructions you got from General Gorman regarding any activities you had direct or indirect ~~(cough deletes hearing questioner)~~ regarding the private supply operations?

A ~~(Pause)~~ I don't remember getting any guidance from him at all.

Q Were there any negative admonitions--don't do this; don't do that, vis a vis the private supply operation? Same questions regarding General Galvin.

A ~~Uhm. (Pause~~) The only thing; General Galvin was; the thing that I recall from him was that he said you know to be make sure that you don't, that you're careful about what you do [redacted] I remember that.

Q And what would you interpret that to mean?

A Don't break the law.

Q Would you be able in any way to date your conversations you might have had with Nestor Sanchez?

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A (Pause) The most recent conversation I had with him was when I left, I guess this would have been in probably, I want to say late October; it seems to me, I made a trip to Washington I think in October. And then I was also in Washington in August, so it's possible; I'd have to go back and you know check his calendar, but I you really you know you're barking up the wrong tree because he really he didn't do, he had nothing to do with it as far as I know. At least as it related to me.

Q At one point I believe there was some threats on your life, and you moved your family out of El Salvador--what can you tell us about that?

A Yeah, in early '86 [redacted] I had gotten some telephone death threats which I basically kind just kind of blown off, but then I got a report [redacted] And some discussion with the Ambassador at that point as to whether he wanted me to move; feeling was that that was probably a loser, it was better to, for me to stay in the house, that we'd go ahead and prove the defenses and that I'd send my family back to the States for a month or two until things cool down. And that's what we did.

Q Okay. Does the name [redacted] ring a bell with you?

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A [redacted] is it; it's not a pronunciation problem is it.

BY MR. BELNICK

Q. Do you know John Hull?

~~Q~~ [redacted]

A. No.

~~(TAPE INTERRUPTION~~)

BY MR. SAXON

Q ..~~h~~Had you ever had any dealings with a John Hull in Central America?

A Not that I know of.

Q Did you ever go to a farm home of someone who may have been a John Hull, a farmer from Indiana?

A I don't remember anybody.... like that.

Q Did you ever make any notes or MFRs from any of your discussions with Colonel North?

A No.

Q We know from what you've told Mr. Belnick that on some documents you wanted to keep you would put File for Me. S. Were there ever any notes, memoranda, correspondence, diaries or anything else about these operations that you would put into those files or any others?

A No. I didn't keep any records of those; and again, this was really on the periphery for me.

BY MR. BELNICK:

Q Okay, Rich.

BY MR. LEON:

Q Yeah, I just have a few things, Colonel. Remember you were talking about a meeting with Mr. Gregg, Ambassador Corr, in Mr. Gregg's office--do you recall Mr. Gregg, or anybody, mentioned at the meeting Oliver North on a prior occasion confronting Felix about his conduct down there and admonishing him to become more conscientious about security and careful about what he said, with Dutton present?

A With Dutton present? No.

Q How about without Dutton present?

A Yeah, in fact I don't remember that at all. Oliver North admonishing Felix?

Q Uh-hum. To you know at the request of Dutton, to clean up his act and start becoming more security conscious.

A I don't remember that.

Q Was Sam Watson at that meeting? Gregg's deputy? If you can recall.

A That's right Watson had taken as his; I just don't now. I don't remember. He might have been. I'm sure if you're asking me to remember if he was there.

Q Has Felix at any time ever told you that that happened. That North sat him down in Dutton's presence and admonished him for being a security risk?

A Never. ~~(Pause)~~ In fact, well..

Q Okay..

A I would have thought that that would have been something Felix would have told me if that I had happened. I mean even the fact that he and Dutton and North together would have been a surprise to me. So I don't remember that at all.

Q Why's that?

A I just didn't; I never seen them together.

Q But didn't you associate them as being people who would be in touch with one another; because of the resupply and North's involve, interest and involvement in resupplying?

A Well you now it sort of seems that way now, but it didn't at the time..

Q Really?

A The relationship didn't seem to be like that to me.

Q What was your impression at that, at the time as to North's influence or involvement with Dutton and his operation?

A My sense was that there was definitely contact there but they made a point of not you know, North never told me about talking to Dutton.

Q How about Dutton? Did he ever make it a point to you and tell you that you had been dealing with North or that North was helping him in any way?

A No.

[redacted]

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[redacted]

Q Okay. With regard to the Boland question, so to speak--at ~~some~~ point somebody at the Defense Department must have informed you in some way, shape or form that because of the Boland Amendment the Department of Defense, which you are a part of, could not be involved in any way in ~~the system - the~~ assisting the Contra _____, is that a safe statement? ~~(Pause)~~ Either in writing or oral?

A Well, I'm not to try to hide behind anything like that..

Q No, no..

A Nobody, no the simple fact is nobody did. But you know..

Q If that's a fact, say it. That's alright. But, it's all hard for me to appreciate that because..

A Well keep in mind..

Q You're not a lawyer.

A Well I'm not a lawyer, no..

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Q And here's a law that that you're supposed to adhere to and a new law, and you're supposed to abide by it, right?
A Well, it was very clear when I got there that we weren't providing anything for the Contras, this is '84.
Q When you arrived?
A When I arrived..
Q What month was that, if you can recall.
A Well I got there in May; I'm not sure; there wasn't even an issue with the Contras as far as I was concerned. In fact I didn't, I didn't pay much attention to them. This whole thing didn't even surface for me until, until after the non-lethal bill was passed [redacted] That's when it became.
Q The no-hope program, N-H-A-O?
A Yeah.
Q Nicaraguan Humanitarian Assistance?
A Right.
Q Would you put that at the end of '85?
A I would put it, well for me it was early '86.
Q Early '86. [redacted]

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[redacted]

Q No. Okay. So in the NHAO program comes into, the humanitarian program comes into effect [redacted] Was there anyone at that time from in your chain of command, let's say, who advised you that with regard to that program there are limits as to what you can or cannot do?

A Well I was talking to the Ambassador..

Q Alright..

A And keeping him informed [redacted] and what my intentions, and what I was doing and so on. And so I, certainly he gave me some guidance.

Q Now help me here a little bit..

A What was the guy's name..

Q Well yeah besides that. Where does he fit into your chain of command?

A He's my boss. You know I mean I had about six different bosses and I..

Q State Department representatives..

A Well he is the President's representative in El Salvador. He is my boss. You know and if it came push to shove he was guy you responded to. You know I also answered to General Gorman and Galvin after him, ~~to the (someone coughing makes tape inaudible for about 3 words)~~ .. ~~in charge in Central America~~; I certainly answered to General Gast in the Pentagon. So it was not such a clear-cut chain of command.

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BY MR. BELNICK:

Q I don't know if you were here, Rich, we did this at the beginning.

A Oh, okay that's....

BY MR. LEON:

Q Did he give you any legal points ~~or~~ ______ to follow in that reg?

A Well yeah, from time to time he told me what to do and what not to do. [redacted]

BY MR. BELNICK:

Q And we're also covering stuff that we did this morning, Rich, so if we could just, I don't think you would want to put the witness through this again..

[redacted]

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[redacted]

BY MR. LEON:

Q Did you ever talk to a fellow named [redacted]? Have you ever heard his name?

A No.

Q How about Clair George?

A Clair George? That's a familiar name, but I don't know him.

Q Have you ever heard the name Brett Sciaroni?

A No. ~~(something said-inaudible)~~

[redacted]

Q Thank you.

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BY MR. BELNICK:

Q Okay. Colonel, who advised you of the shootdown of October of 1986?

A I got a telephone cal [redacted]

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[redacted]

Q What did the Ambassador say that you remember in response to your advice to him that the plane had been shot down with an American crew?

A He told me to keep him posted (~~Pause) (tape interruption~~)... on what I knew and that. As I recall you know that he hoped to hell it didn't get shot down in Nicaragua.

[redacted]

Q No, no. None of us does. ...a couple of quick ones and then we'll let you right out of here.

BY MR. SAXON:

Q Do you know Tom Posey? Does that name ring a bell to you?

A Only because I read about him in the paper you know; that goes back a couple of years ago though.

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Q As best you know did you ever have any dealings with him?

A No.

Q What about other individuals associated with CMA which began initially a civilian military assistance and became civilian materiel assistance?

A ~~(Inaudible)~~ No, never.

[redacted]

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TOTAL

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[redacted]

BY MR. BELNICK:

Q Alright.

BY MR. BALLEN:

Q [redacted]

BY MR. BELNICK:

Q Before we say goodbye, let me just point you to the word Goode in Exhibit 15 and ask if you recall ever using North's cryptonym in any messages that you sent.

A Did I use the word Goode in things that I sent..

Q Yes, cause that name..

A I referred to him as Goode occasionally but I don't remember ever putting it in a message.

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Q Colonel, on behalf of both Committees I want to thank you for spending all this time with us today and I know that you came in and are scheduled to go back overseas. We appreciate your forthrightness, your candor and your cooperation. And thank you very much on all of our behalf.

A Thanks very much.

ADJOURNED AT 1:05 P.M.

/dss, 5/6/87

UNCLASSIFIED

1 Feb 85

U.S. MILITARY GROUP EL SALVADOR
APO MIAMI 34023

1 FEB 85

SUBJECT Felix Rodriguez

THRU: DCM
TO: AMB PICKERING

Per your guidance, attached is a draft backchannel to Gen Gorman on our "no pay" mercenary.

STEELE

Partially Declassified/Released on 3 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5723

UNCLASSIFIED

Steele #1
RICIII 4/21/87

CONFIDENTIAL

UNCLASSIFIED

TO SSO PANAMA

CONFIDENTIAL

SSO PANAMA PASS TO GENERAL GORMAN FROM AMB PICKERING

PERSONAL FOR GEN GORMAN FROM AMB PICKERING

1. (C) DURING BLANDON'S OFFICIAL VISIT TO THE U.S. DURING THE PERIOD 22-27 JANUARY 1985, HE EFFECTED LIAISON WITH A MR FELIX RODRIGUEZ, WHO I AM TOLD HAS EXTENSIVE EXPERIENCE IN LATIN AMERICA

[redacted]

2. (C) AS A RESULT OF THE MEETING, BLANDON EXTENDED AN INVITATIC FOR MR RODRIGUEZ TO WORK FOR THE GOES (ON A NO SALARY BASIS) WHEREBY MR RODRIGUEZ WOULD CONCEIVABLY BE EMPLOYED INDEPENDENTLY TO TRAIN, ADVISE, AND EVEN ACCOMPANY SPECIAL SALVADORAN UNITS INTC COMBAT. [redacted]

3. MR RODRIGUEZ HAS HIGH LEVEL CONTACTS AT THE WHITE HOUSE, DOS AND DOD, SOME OF WHOM ARE STRONGLY SUPPORTING HIS USE IN EL SALVADOR.

4. IT IS MY CONSIDERED OPINION THAT IT WOULD BE IN OUR BEST INTERESTS THAT MR RODRIGUEZ CONFER WITH YOU PERSONALLY PRIOR TO HIS COMING TO EL SALVADOR. I HAVE SOME OBVIOUS CONCERNS ABOUT THIS ARRANGEMENT AND WOULD LIKE YOUR VIEWS. I BELIEVE A MEETING YOU WOULD SERVE TO CLARIFY OUR APPROACH IN EL SALVADOR AND WOULD ALSO PROVIDE YOU WITH SOME INSIGHT INTO HIS PROPOSED METHODS OF OPERATION. I WOULD APPRECIATE ANY USEFUL INFORMATION BE PASSED TO ME SO THAT I COULD BE READY TO SUPPORT OR DISCOURAGE HIS EMPLOYMENT BY THE GOES.

PICKERING.

UNCLASSIFIED

Partially Declassified/Released on 10 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

2/11/86 FILE 14 Feb (5) From S

14 Feb '85

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NIACT IMMEDIATED
FOR AMBASSADOR PICKERING AND COL STEELE FROM GEN GORMAN
SUBJECT: FELIX RODRIGUEZ (U)

1. (C) I HAVE JUST MET HERE WITH FELIX RODRIGUEZ, [redacted] PENSIONER FROM MIAMI. BORN IN CUBA, A VETERAN OF GUERRILLA OPERATIONS [redacted] HE IS OPERATING AS A PRIVATE CITIZEN, BUT HIS ACQUAINTANCESHIP WITH THE VP IS REAL ENOUGH, GOING BACK TO LATTER'S DAYS AS DCI.

2. (C) RODRIGUEZ' PRIMARY COMMITMENT TO THE REGION IS IN [redacted] WHERE HE WANTS TO ASSIST THE FDN. I TOLD HIM THAT THE FDN DESERVED HIS PRIORITY. I ALSO TOLD HIM THAT YOUR WORK WITH THE PRAL WAS ADVANCING WELL, AND THAT WE HAD MADE PROGRESS WITH TRAINING OTHER PATROL FORCES. I WARNED HIM THAT WHATEVER HIS CONSULTING ROLE IN EL SAL AMOUNTED TO, HE COULD NOT BECOME VISIBLE TO THE PRESS IN ANY SENSE WITHOUT DAMAGING OUR CAUSE THERE. I ALSO CAUTIONED THAT EL SAL WAS A VERY MUCH MORE DELICATE ENVIRONMENT WITH RESPECT TO CIVIL-MILITARY RELATIONS AND RESPECT FOR HUMAN RIGHTS THAN ANY HE HAD OPERATED IN BEFORE.

3. (C) HE WILL WANT TO FLY WITH THE ESAF TO ESTABLISH HIS CREDIBILITY, BUT THAT BIT OF MACHISMO SEEMS TO ME BOTH UNNECESSARY AND UNWISE.

4. (C) MY JUDGMENT IS THAT HIS ADVICE WILL REINFORCE OURS, AND THAT WE SHOULD PUT NO OBSTACLES IN HIS WAY TO CONSULTING WITH BLANDON OR BUSTILLO UNLESS AND UNTIL WE GET COUNTERINDICATIONS. I RECOMMEND THAT JIM STEELE MEET WITH HIM. [redacted] AND AMBASSADOR MAY ALSO WANT TO INTERVIEW HIM, BUT OUR MAIN INTEREST IS, AS I SEE IT, TO INSURE WE KNOW WHAT HE IS TELLING BLANDON AND BUSTILLO VIA IN-BRIEF AND OUT-BRIEF.

5. (C) ASSUMING YOUR APPROVAL, I WILL SEND RODRIGUEZ TO [redacted] TOMORROW, 15 FEB, ON ONE OF MY C-12S. HE WILL ARRIVE AROUND 1200 LOCAL. HE IS A LONG-TIME FRIEND OF LOU RODRIGUEZ AND, IF AVAILABLE, WOULD APPRECIATE IT IF LOU COULD BE HIS CONTACT POINT. I ANTICIPATE HE WILL WANT TO DEPART FOR MIAMI ON SATURDAY.

DECLAS OADR
SSO NOTE: DELIVER IMMEDIATELY.
#K225
NNNN

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

3180

STEELE EXHIBIT #2

UNCLASSIFIED

2/14/85
File
(3)
From
S.

14 Feb '85

D 23179

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OO YEKRAL
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NIACT IMMEDIATE
FOR AMBASSADOR PICKERING AND COL STEELE FROM GEN GORMAN
PNA-0459-14-FEB-85

SUBJECT: FELIX RODRIGUEZ (U)

1. (C) I HAVE JUST MET HERE WITH FELIX RODRIGUEZ, [redacted] PENSIONER
FROM MIAMI. BORN IN CUBA, A VETERAN OF GUERRILLA OPERATIONS [redacted] HE IS
OPERATING AS A PRIVATE CITIZEN, BUT HIS ACQUAINTANCESHIP WITH THE VP
IS REAL ENOUGH, GOING BACK TO LATTER'S DAYS AS DCI.

2. (C) RODRIGUEZ' PRIMARY COMMITMENT TO THE REGION IS IN [redacted]
WHERE HE WANTS TO ASSIST THE FDN. I TOLD HIM THAT THE FDN DESERVED
HIS PRIORITY. I ALSO TOLD HIM THAT YOUR WORK WITH THE PRAL WAS
ADVANCING WELL, AND THAT WE HAD MADE PROGRESS WITH TRAINING OTHER
PATROL FORCES. I WARNED HIM THAT WHATEVER HIS CONSULTING ROLE IN EL
SAL AMOUNTED TO, HE COULD NOT BECOME VISIBLE TO THE PRESS IN ANY
SENSE WITHOUT DAMAGING OUR CAUSE THERE. I ALSO CAUTIONED THAT EL
SAL WAS A VERY MUCH MORE DELICATE ENVIRONMENT WITH RESPECT TO CIVIL-
MILITARY RELATIONS AND RESPECT FOR HUMAN RIGHTS THAN ANY HE HAD
OPERATED IN BEFORE.

3. (C) HE WILL WANT TO FLY WITH THE ESAF TO ESTABLISH HIS
CREDIBILITY, BUT THAT BIT OF MACHISMO SEEMS TO ME BOTH UNNECESSARY
AND UNWISE.

4. (C) MY JUDGMENT IS THAT HIS ADVICE WILL REINFORCE OURS, AND
THAT WE SHOULD PUT NO OBSTACLES IN HIS WAY TO CONSULTING WITH
BLANDON OR BUSTILLO UNLESS AND UNTIL WE GET COUNTERINDICATIONS. I
RECOMMEND THAT JIM STEELE MEET WITH HIM. [redacted] AND AMBASSADOR
MAY ALSO WANT TO INTERVIEW HIM, BUT OUR MAIN INTEREST IS, AS I SEE
IT, TO INSURE WE KNOW WHAT HE IS TELLING BLANDON AND BUSTILLO VIA
IN-BRIEF AND OUT-BRIEF.

5. (C) ASSUMING YOUR APPROVAL, I WILL SEND RODRIGUEZ TO [redacted]
TOMORROW, 15 FEB, ON ONE OF MY C-12S. HE WILL ARRIVE AROUND 1200
LOCAL. HE IS A LONG-TIME FRIEND OF LOU RODRIGUEZ AND, IF AVAILABLE,
WOULD APPRECIATE IT IF LOU COULD BE HIS CONTACT POINT. I ANTICIPATE
HE WILL WANT TO DEPART FOR MIAMI ON SATURDAY.
DECLAS OADR
SSO NOTE: DELIVER IMMEDIATELY.
#0225

NNNN

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

3054

Gorman

UNCLASSIFIED

NO DATE
D 23180
File for me
S

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by B. Reger, National Security Council

BACK CHANNEL

ACTION: STATE-ACI, IMMEDIATE
USSOUTHCOM, IMMEDIATE

EYES ONLY FOR ARA MOTLEY AND JOHNSTONE; SOUTHCOM FOR GENERAL GORMAN FROM PICKERING

SUBJ: MEETING WITH FELIX RODRIGUEZ

1. I HAD A VALUABLE MEETING WITH FELIX RODRIGUEZ FEBRUARY 15.

2. HE HAS OUTLINED A TACTIC WHICH I BELIEVE HAS MERIT AND SHOULD BE TRIED OUT, VIZ:

[redacted]

OBVIOUSLY [redacted] VARIATIONS ARE POSSIBLE, BUT WE WILL HAVE TO INTEGRATE [redacted] ISSUE AND HANDLE IT BETTER THAN EVER BEFORE IF IT IS TO WORK, SOMETHING I AGREE WITH ON ITS OWN.

3. RODRIGUEZ WILL RETURN IN 3-4 WEEKS TO WORK WITH BUSTILLO (FAS) AND STEELE. STEELE WILL MONITOR CLOSELY. RODRIGUEZ UNDERSTANDS MY GENERAL RULES -- NO CIVILIAN CASUALTIES AND HE IS NOT TO ACCOMPANY FAS ON COMBAT MISSIONS AND AGREES. WE WILL START

STEELE EXHIBIT #3

305

UNCLASSIFIED

UNCLASSIFIED

SLOWLY AND CAREFULLY TO SEE WHAT APPROACH CAN PRODUCE. HE WILL TAKE ON HIGHER PRIORITY [redacted] MISSION FIRST.

4. FOR ARA: PLEASE BRIEF DON GREGG IN VP'S OFFICE FOR ME.

UNCLASSIFIED

OFFICE OF THE VICE PRESIDENT
WASHINGTON

(1024) - N 22516 29 APR
Exhibit-Steele #24

April 29, 1985

Colonel James Steele
U.S. Military Group Commander
El Salvador
APO Miami, Florida 34023

Dear Colonel Steele:

I received late last week an extraordinary letter from Felix Rodriguez telling me of the success of his first operation in El Salvador. This brought great joy and satisfaction to my heart as Felix and I worked very closely in Vietnam and I felt certain that what we had done there could also be done in El Salvador.

I want to thank you for giving Felix your confidence and support, without which he feels he could not have gotten things under way. Felix is an extraordinary man and I hope your association with him is a long and happy one.

With warm regards,

Sincerely,

Don Gregg
Donald P. Gregg
Assistant to the Vice President
for National Security Affairs

Tell Felix not to take too many chances!

1024

~~[illegible]~~ Declassified/Released on 5-26-87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

STEELE
EXHIBIT
#4

[redacted]

San Salvador, 20 [illegible] N22517

20 APR 85

1025-N22517-20
Exhibit-Steele #24

Dear Don:

Finally I am able to write to you with some good news.-

Last four weeks were very hard for me here. People were reluctant to understand my intentions here without any "$" gratification. They were looking and trying to find an employer that did not existed. Believe me, Don, it was hard. A lot of wise remarks about my concept. The only individual that stood by me and encouraged me the whole time is Colonel James Steele; the U.S. Mil. Group Commander for El Salvador. He understood, believed and supported my concept 100%.

I planned my first operation for April 17th with good intel., I wanted to turn that date, anniversary of the Bay of Pigs, into a successful one, but 24 years later; [redacted] did not follow my concept at all and it was even a greater disaster. That same morning, as soon as I returned, I briefed Colonel Steele and I was so depressed after

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by B. Reger, National Security Council

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1025

[redacted]

DON'T QUITE ON ME [redacted] AND HE MET WITH [redacted] PEOPLE POINTING ALL THE MISTAKES THEY HAD ON THE OPERATION. WHAT CAME OUT OF IT WAS, THAT THEY CAME TO ME AND SAID THAT THEY WERE READY TO TRY MY CONCEPT AGAIN THAT SAME DAY IN THE AFTERNOON AND THAT THEY WERE GOING TO ABHEARE STRICTLY TO MY CONCEPT.

TO TELL YOU THE TRUTH DON, THE ONLY REASON THEY WERE DOING IT WAS BECAUSE THEY WERE CONVINCE THAT WE WERE NOT GOING TO GET ANY RESULTS AND TO EMBARROSS COL. STEELE RETURNING EMPTY-HAND. UPON TAKING OFF I HEARD REMARKS LIKE: "HERE WE GO TO WIN THIS WAR" ETC ETC.

I PRAYED HARD THAT WE COULD GET SOME RESULTS AND BY GOD, DON, I GOT THE HELL OF A GOOD RESPOND FROM UP THERE.

[redacted]

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UNCLASSIFIED

[redacted]

NO MORE WILL REMARKS, AND THIS COMING MONDAY I WAS ASKED BY [redacted] TO A MEETING FOR MY CRITIC TO SAID OPERATION FOR IMPROVING IT AND TO FORM THE TASK FORCE WITH MY CONCEPT. FINALLY I AM IN WITH THEM.

DON, I THANK YOU AND THE VICE-PRESIDENT FOR SUPPORTING ME, WITHOUT YOUR HELP I COULD HAD NEVER MAKE IT HERE. I HOPE THAT THIS IS ONLY THE BEGINNING AND AS I PROMISE YOU WHEN I DEPARTED FROM D.C., I WILL GIVE ALL I GOT IN THIS EFFORT AND I WILL NOT LET YOU DOWN.

GIVE MY BEST REGARDS TO PHILIP, TELL HIM THAT I WENT TO SAY HI: T[redacted] [redacted] BUT [redacted] TOLD ME THAT HE DID NOT RECALL KNOWING HIM. IS THIS THE SAME [redacted]

NOW I GOT PLENTY OF FRIENDS HERE AND I AM CONFIDENCE IN SUCCESSFULLY ESTABLISHING THIS OPERATIONAL CONCEPT.

YOU CAN WRITE ME: COL JAMES STEELE
U.S. MIL-GP COMMANDER
EL SALVADOR
APO MIAMI, 34023

UNCLASSIFIED

[redacted]

UNCLASSIFIED

MY NAME ON IT. DON, I WILL APPRECIATE IF YOU WRITE A NOTE FOR COL. STEELE IN THERE, ALSO WITHOUT HIS SUPPORT I WOULD HAVE BEEN GONE BEFORE ALL OF THIS. NOW AS I SAID I GOT ALL KIND OF FRIENDS AND SUPPORTERS BUT HERE HE WAS THE ONLY ONE WHO STOOD BY ME BEFORE THIS HAND OPERATION—

GIVE ALSO MY REGARD TO THE VICE-PRESIDENT, AND PHYLLIS.

BEST OF ALL TO YOU AND MEG AND I HOPE YOU CAN VISIT ME HERE SOON

With best regards

Felix Rodriguez

UNCLASSIFIED

22 Aug 85.

UNCLASSIFIED

R D 000018

PATTON, BOGGS & BLOW
2550 M STREET, N. W.
WASHINGTON, D. C. 20037
(202) 457-6000
[illegible]

August 22, 1985

(202)457-6333

RECEIVED MAY 0 8 1986

Mr. Richard V. Secord
Suite 205
440 Maple Avenue East
Vienna, VA 22180

Dear Dick:

Enclosed is a memorandum which summarizes our research into questions raised under the Neutrality Act.

With best regards,

Sandy
Middleton A. Martin

5724

[redacted] Declassified/Released on 3 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted]

UNCLASSIFIED

UNCLASSIFIED

ATTORNEY-CLIENT COMMUNICATIONS
PRIVILEGED AND CONFIDENTIAL

August 21, 1985

MEMORANDUM

R D 000019

Re: Applicability of the Neutrality Act

This memorandum addresses the applicability of the prohibitions of the Neutrality Act, particularly 18 U.S.C. § 960, to actions undertaken in the United States in connection with the airlift of certain goods to insurgent forces in Nicaragua. The facts relating to this question are as follows:

Private individuals are considering arranging the initiation of negotiations between a non-U.S. company engaged in the business of providing contract airlift services (the "Company") and representatives of insurgent forces seeking the overthrow of the present government of Nicaragua. These arms-length negotiations would be intended to establish a commercial relationship whereby the Company would airdrop various supplies, including ammunition and other implements of war, into Nicaragua for use by the insurgents. All services would be provided outside the U.S. and be paid for with non-U.S. funds.

The Company would not transport insurgent personnel for military or any other purpose, nor would the Company otherwise participate beyond provision of airlift services in insurgent activities. Similarly, although the U.S.-based individuals arranging for the initiation of these negotiations are fully aware that the airlift services would be in support of the insurgents, such individuals would not participate in the provision of such services nor otherwise combine with the insurgents to further the insurgents' military objectives.

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Analysis

The statute most directly relevant to the scenario set forth above is 18 U.S.C. § 960, which provides:

> Whoever, within the United States, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined not more than $3,000 or imprisoned not more than 3 years, or both.[1]

This provision grows out of a statute originally passed in 1794 as part of the early U.S. government's attempts to avoid foreign entanglements stemming from the use of the United States as a staging ground for private military actions against otherwise friendly governments. The basic elements of a violation of this statute are:

1. The actions (or planning for the actions) must take place, at least in part, in the United States;
2. The actions must constitute "knowing" provision of assistance;
3. The actions must be in support of or constitute participation in a military expedition; and

---

[1] Also arguably relevant to these facts is 18 U.S.C. § 956, which prohibits any conspiracy "to injure or destroy specific property situated within a foreign country and belonging to a foreign government or within the political subdivision thereof with which the United States is at peace." Exposure under this provision is considerably more attenuated under the proposed airlift contract, however, because of the requirement for injury or destruction of specific property.

4. The military expedition must be against the government of a nation with which the United States is at peace.

As these elements relate to the proposed Nicaraguan airlift, three of the four elements of a violation would be met. Preliminary arrangements for the airlift would occur in the United States, with knowledge of the use which would be made of the airdropped supplies, and the airlift would constitute assistance to insurgents acting against the government of Nicaragua, a government with which the United States is presently at peace.

The propriety of the proposed arrangement therefore will turn on whether or not the airlift itself constitutes a "military expedition or enterprise," as that term has been defined in the case law relating to the statute. Most of the cases dealing with 18 U.S.C. § 960 (or its predecessors) reflect prosecutions undertaken in the 19th century. The leading case is Wiborg v. United States, 163 U.S. 632 (1896), in which the U.S. Supreme Court reviewed a conviction under the Neutrality Act for the assistance provided by a ship captain in transporting a group of armed men who mounted a military expedition against the Spanish government in Cuba. In finding that the transport of men and arms for landing in Cuba was participation in a military expedition, the Supreme Court expressly acknowledged that the mere transport of arms to another country is not, in itself, an actionable offense under the Neutrality Act. Rather, it is a commercial transaction subject to the risk of capture as contraband of war by the foreign power against which such arms were to be used. Because the men and arms aboard the defendant's vessel were clearly undertaking a military expedition against the Spanish government in Cuba of which the defendant had knowledge, and the arrangements for the transport were made within the United States, the ship captain was found to have been guilty of a Neutrality Act violation by providing the transportation.

A similar analysis can be seen in the case of United States v. Nunez, 82 F.599 (S.D.N.Y. 1896), in which the court considered the propriety of the transportation of men and arms in connection with an expedition against Cuba. In analyzing what constitutes a military enterprise, the court cited the Supreme Court's definition in Wiborg that a military expedition is "a journey or voyage by a company or body of persons, having the position or characteristics of soldiers, for a specific warlike purpose." The court in Nunez identified the "essential features" of a military enterprise as: "concert of action, unity of action by a body organized and acting together, acting by means of weapons of some kind, and action under command leadership." The court reiterated that:

> There is nothing in this statute which prohibits a commercial enterprise. The transportation of goods in a commercial way, whether it be contraband of war or not, is not prohibited by the fact that other nations are at war, or that a colony is in a state of insurrection against the parent country. . . .

Because, in the Nunez case, the men and arms were clearly acting for military purpose, the arms removed from boxes aboard ship and the men drilled on deck during the transport, those providing the transportation were guilty of violation of the Neutrality Act.

Conclusion

While these cases are very old, the Supreme Court's interpretation in Wiborg of what constitutes a "military enterprise" for purposes of a violation of the Neutrality Act has not been modified or overturned by court action since that time. Wiborg and the cases which follow it establish that a "military enterprise" contemplated by the statute must be comprised of men and arms with a military purpose and that mere transportation of arms to insurgent forces, without more, does not constitute a "military enterprise" or preparing the means for a "military enterprise." Applying the Supreme Court's interpretation of the Neutrality Act to the proposed Nicaraguan operation, the provision of contract airlift services as described above would not be conduct proscribed by the Neutrality Act. As long as the airlift operations transport only supplies (whether or not including implements of war), but not men, and as long as the persons engaged in arranging or providing the airlift services do not also engage in broader planning or action in concert with others to combine these supplies with insurgents on the ground for military purposes, those providing the transportation of supplies have not begun, or provided the means for any military expedition within the meaning of the statute. A federal prosecutor acting in the mid-1980s could always take a more expansive view of the type of conduct proscribed by the statute, but he would have to overcome the weight of judicial authority or find other facts which tended to support the existence of a "military enterprise."

One final note: the Neutrality Act has been neglected by prosecutors since the First World War. However, in the last few years, efforts by those opposing U.S. actions in support of the insurgency in Nicaragua have attempted to compel enforcement by the Justice Department of the Neutrality Act by resort to the Ethics in Government Act under which the Attorney General is required to conduct an investigation upon receipt of information that a government official has violated the law. This was the issue in the 1984 case of Dellums v. Smith, 577 F. Supp. 1449 (N.D. Cal. 1984). In that case, the court held that a preliminary investigation was required upon presentation to the Attorney General of evidence of federal criminal actions by federal officials. The court expressly rejected the Department of Justice's attempts to raise prosecutorial discretion as a bar to such suits. "Public interest" actions to compel Justice Department investigation of such activity therefore remain a possibility.

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8/86
Aug 86

[illegible] 1.YOU NEED TO PASS ALL INFO RE TASKING PROBLEMS TO STEELE. HE IS NOW THE [redacted] USG REPRESENTATIVE WITH INTEREST IN OUR OPERATIONS. I WANT HIM TO BE KEPT UP TO SPEED ON ALL OUR EFFORTS AND PROBLEMS. 2.I CANT MAKE ANY JUDGEMENTS AS TO YOUR PROPOSED PROCEDURES WITHOUT SOME IDEA OF WHERE YOU WILL BE WORKING. WHAT ARE THE COORDINATES? WHAT IS YOUR PROPOSED ROUTING? THERE ARE OTHER QUESTIONS I PUT IN THE PREVIOUS MSG. THAT YOU HAVE NOT ANSWERED. 3. STEELE MAY BE ABLE TO HELP WITH [redacted] REQUESTS AND CLARIFICATIONS OF MISSION PARAMETERS..USE HIM..HE IS A FRIEND. AWAITING YOUR ANSWERS. BOB BT.

781- R D 000387

Steele #24 - exhibit
Index 24

781

[illegible] Released on 12 May 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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STEELE EXHIBIT #6

[illegible] Steele

11 Aug 86

UNCLASSIFIED

SECRET

:

[illegible]00ZAUG86 1.YOU NEED TO PASS ALL INFO RE TASKING PROBLEMS TO STEELE. HE IS NOW THE [redacted] USG REPRESENTATIVE WITH INTEREST IN OUR OPERATIONS. I WANT HIM TO BE KEPT UP TO SPEED ON ALL OUR EFFORTS AND PROBLEMS. 2.I CANT MAKE ANY REQUIREMENTS AS TO YOUR PROPOSED PROCEDURES WITHOUT SOME IDEA OF WHERE YOU WILL BE WORKING. WHAT ARE THE COORDINATES? WHAT IS YOUR PROPOSED ROUTING? THERE ARE OTHER QUESTIONS I PUT IN THE PREVIOUS MSG. THAT YOU HAVE NOT ANSWERED. 3. STEELE MAY BE ABLE TO HELP WITH [redacted] REQUESTS AND CLARIFICATIONS OF MISSION PARAMETERS..USE HIM..HE IS A FRIEND. AWAITING YOUR ANSWERS. BOB BT. FOR STEELE FROM MC ALLISTER. [redacted]

BOB BT.

R D 000384

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Steele #7
RH [illegible]

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Exhibit
steele #8

[redacted]

NO DATE
1 page
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8/22/86
22 Aug 86

R D 000388

221400ZAUG86 1. WHEN DO YOU PLAN TO TRY DROP AGAIN? WHAT ARE COORDINATES OF DZ? WHAT ARE DZ MARKINGS? RADIO CONTACT PROCEDURES? WHAT MATERIAL ARE YOU DROPPING? WHO HAS COORDINATED THE DROP? WHAT IS ENEMY SITUATION IN DZ AREA? HAS STEELE BEEN INFORMED OF MISSION? HAS HE PROVIDED ANY SUPPORT? 2. WANT YOU TO CONTACT STEELE AND EXPLAIN WHAT HAPPENED IN THE MISINFORMATION CONCERNING THE PREVIOUSLY CANCELED DROP. IMPORTANT THAT KIND OF BAD PRESS NOT GET PASSED AROUND. ADVISE ME WHEN STEELE IS INFORMED AND HIS REACTION. ALSO HE SHOULD BE AWARE OF YOUR CURRENT MISSION AND SHOULD PROVIDE WX. INTEL. ETC. PROIR TO DEPARTURE. 3. GLAD TO SEE YOUR RELATIONSHIP WITH [redacted] IMPROVING. CONTINUE TO WORK CLOSELY WITH HIM. WE NEED HIS SUPPORT. BOB BT.

cross - Steele #24

782

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STEELE EXHIBIT #9

to Hoode UNCLASSIFIED

8/20/86
20 Aug 86

201430ZAUG86 FRM MAC..REF YOUR DISCUSSION WI DICK LAST NITE. IN MY TALK WITH STEELE LAST WEEK. I REQUESTED THAT HE MAKE THE SITUATION CLEAR TO [redacted] AS TO THE OWNERSHIP OF THE AIR ASSETS AND ASSOCIATED EQUIP. HE WAS TO INFORM HIM THAT WHILE THE ASSETS WERE MADE AVAILABLE TO THE CAUSE. THEY BELONGED TO A PANAMA BASED COMPANY AND THAT UPON COMPLETION OF THEIR SUPPORT WORK HERE THEY WERE TO BE RETURNED TO THAT COMPANY FOR FUTURE DISPOSITION. STEELE FELT THAT HE WOULD HAVE TROUBLE GETTING [redacted] TO ACCEPT THIS UNTIL HE COULD SEE WHAT TYPE OF SUPPORT WAS COMING IN TO REPLACE US. THIS MATCHES WHAT DICK SAID TO YOU ABOUT GETTING A FIRM PLAN FROM THE CIA AS TO THEIR PROGRAM FOR AIR SUPPORT. THIS WE MUST GET ASAP AND PASS TO STEELE TO PAVE THE WAY FOR OUR DEPARTURE. IF WE DONT GET IT. OUR WITHDRAWL COULD BE A MESSY AFFAIR. SUGGEST YOU TALK TO STEELE AND CONFIRM THAT WE ARE GOING AFTER THE CIA PLAN AND WILL ADVISE HIM ASAP. BOB BT.

R D 000394

784

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Cross to Steele #24/exhibit

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STEELE EXHIBIT #10

E[illegible] #11

STEELE #11

11/8/86

1 PAGE

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8/13/86
13 Aug 86

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~~SECRET~~
: From Rob Owen
131300Z AUG. 1. CONDUCT EMERGENCY RECALL IMMEDIATELY. BRING THE MAINTENANCE AND AIRCREWS OUT OF THERE QUIETLY. BUT QUICKLY. LEAVE ALL THE EQUIPMENT. INCLUDING AIRPLANES. BRING BACK ONLY PERSONAL EQUIP. 2. DESTROY REGISTRATION PLATES ON A/C IF POSSIBLE. BUT DON.T DAMAGE THE A/C. 3. A[redacted] BOB. BACON. AND OLMSTEAD SHOULD GET TOGETHER. THE AIRFIELD REVERTS TO BACON.S CONTROL. 4. STEELE IS RECONSIDERING MEETING W/ YOU AND MAY CALL YOU. 5. IF HE HELPS PERHAPS THIS THING CAN BE PATCHED BACK TOGETHER FOR THE TRANSITION. BUT FOR THE MOMENT THE PEOPLE MUST BE GOTTEN OUT OF THERE. BT

R D 4671

~~(SECRET)~~
:
131345ZAUG86 1. THERE IS MORE THAN 1 MIL DOLLARS WORTH OF EQUIPMENT, SPARES, [redacted] LOCATED AT [redacted] I PRESUME YOUR MSG RESULTS FROM TELECON WITH OLLIE. IF SO I MUST REMIND YOU THAT THESE ASSETS ARE OWNED BY UDALL RESEARCH CORP AND THERE IS NO INTENTION OF ABANDONING THEM. 2. I INSIST ON IMMEDIATE MEETING BETWEEN BOB AND STEELE OR I WILL SEEK OUT THE AMBASSADOR AND RESOLVE THE ISSUE. DICK

STEELE
EXHIBIT
#12

1807

~~(SECRET)~~
: From Rob Ow.
1. MY READING IS IT RESULTS FROM YOUR REPORT LAST NIGHT THAT [redacted] AND [redacted] HAD BEEN DIRECTED HANDS OFF BY DCI. COMBINED WITH MY REPORT THAT JIM DIDN,T WANT TO MEET WITH YOU. SUPPOSEDLY AT DIRECTION OF THE AMBASSADOR. 2. THE THREAT OF A LAW SUIT AGAINST [redacted] FOR AIR PIRACY HAS APPARENTLY REALLY POISONED THE ATMOSPHERE FOR JIM AND FOR THE AMBASSADOR ABOUT THE GOOD INTENTIONS OF THE COMPANY. BT.

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8/86
19 Aug 86

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[illegible] 1. THREAT OF AIR PIRACY
LAWSUIT HAS NOTHING TO DO WITH [redacted]
IT IS WAS COMMENT MADE TO V.P. BY [illegible]
[illegible] MAY [illegible] [redacted] THIS ENTIRE
ISSUE NOW BORDERS ON RIDICULOUS. IF WE
SLIP OUT OF [redacted] THE WORD WILL RAPIDLY
CIRCULATE AMONG MY ENEMIES WHO VIEW ME
AS OBSTACLE TO MAKING MILLIONS FROM THE
CONTRAS. RON MARTIN, CARL JENKINS, MAX.
SHEEHAN, AND HOST OF OTHERS WILL
IMMEDIATELY JUMP IN AND MORE BAD PRESS
RESULTS. UDALL AND THE OTHER COMPANIES
ARE PERFECTLY LEGAL IN THEIR ACTIVITIES
AND I WILL MAKE THIS A MAJOR ISSUE IF
AMBASSADOR AND STEELE DO NOT RECTIFY
MATTER WITH [redacted] I WILL NOT PREMIT
MAX TO TEAR US UP. 2. THIS IS NO SMALL
MATTER. WE MUST OPERATE AS THOUGH WE
HAVE SOME SENSE. DICK BT.

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by B. Reger, National Security Council

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STEELE EXHIBIT #13

UNCLASSIFIED

no date

SECRET

[redacted]

R D 000393

NEW SUBJECT--- WOULDNT IT BE SMART OF THE AGENCY TO BUY THE ASSETS EMPLOY SOME OF THE PEOPLE RATHER THAN START OVER??? IF THEY GO OUT AND START BUYING OTHER EQUIPMENT IT JUST SEEMS LIKE A WASTE OF GOOD MONEY. THATS A PERSONAL OBSERVATION ONLY. BT

[redacted]

Non Relevant

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Stee[redacted]
RHIII 4/27/87

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STEELE EXHIBIT #14

18 Aug 86

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Exhibit
Steele #15
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~~TOP SECRET/CODEWORD~~ HSITS ___ /87

DEPOSITION OF WILLIAM H. TAFT, IV

Thursday, June 25, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of WILLIAM H. TAFT, IV, called as a witness by counsel for the Select Committee, at the office of Deputy Secretary of Defense Taft, The Pentagon, Washington, D. C., commencing at 3:37 p.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified/Released on 12-23-87
under provisions of E.O. 12356
by N. Menan, National Security Council

4092

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~~SECRET/CODEWORD~~

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

JOHN SAXON, ESQ.
Associate Counsel

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

JOSEPH SABA, ESQ.
ROGER KREUZER
ROBERT GENZMAN

On behalf of the witness:

LARRY GARRETT, ESQ.
General Counsel
ED SHAPIRO, ESQ.
Department of Defense

UNCLASSIFIED

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TOP SECRET/CODEWORD

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TOP SECRET/CODEWORD

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P R O C E E D I N G S

Whereupon,

WILLIAM H. TAFT, IV,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q Mr. Secretary, would you please state your name, sir?

A My name is William Taft.

Q And what is your current position?

A I'm the Deputy Secretary of Defense.

Q How long have you been in that position?

A Since February of 1984.

Q And what were you doing immediately prior to assuming that position?

A I was the General Counsel of the Department.

Q And how long were you General Counsel?

A From April of 1981 until February '84.

Q Mr. Taft, if you would, let's focus first on the Iran arms initiative portion of the matters we're inquiring into and tell us when you first knew of what we are now calling the Iran initiative -- and that is before we were talking expressly about any arms going to Iran,

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when were you made aware that the White House was considering opening or attempting to open some channel of communication with the Iranians to improve relations?

A Well, this would always have been a possibility, I suppose, but as a formal matter I don't think that there was any discussion about it on paper requesting an initiative to go forward that I was aware of until probably the middle of 1985.

Q And would that be the draft NSDD that Mr. McFarlane sent the Secretary and Secretary Shultz for comment?

A Yes.

Q And you at that time did see a copy of that?

A Yes, I think I did. I must say I can't remember it very clearly, but I have seen in my own files, you know, that I was provided with a copy.

Q Do you recall having been part of any discussions at that time about the draft NSDD?

A No, not really. Conceivably I was out of town at the time, but I don't remember any meetings.

Q All right. From the point at which Mr. McFarlane sends the draft NSDD and a response is prepared here and sent back, I guess I should say prior to its going over, did you see a draft of the Secretary's response?

A I don't know whether I did or not. I sometimes do see those and sometimes not. I don't know whether I saw that one or not.

Q From that point forward what is the next event of which you had knowledge or involvement regarding the Iran initiative or the shipment of U.S. arms to Iran either directly or through Israel?

A The subject came up after that, to my knowledge around the end of the year or early in '86, and it came to my attention through a request that I [redacted]

I have not been able to exactly identify when that was, although I've tried to. But I haven't been able to locate the thing that I seem to remember. And it would have been, I think, though, towards the end of '85 or beginning of '86.

Q I believe when we met with you previously for an informal interview, which for the record would have been April 27, 1987, you told us that you processed two of those requests that came to mind -- one in October of '85 and one, I believe, in March or April of '86, but that your recollection was that you actually found out about this initiative in February, which didn't neatly fit either of those two [redacted]

Have you been able to better date?

A No, I haven't. And I guess that would remain the record on it as far as we can develop it. But it doesn't corroborate my active memory of it. I'm very sure that I knew about it before March, but I don't recall knowing about it as early as October.

Q We now know from what record has been put forward publicly thus far in our hearings that there were discussions in the fall of 1985 about the shipment of HAWK missiles to Iran and in fact that 18 U.S.-provided missiles went from Israel to Iran.

Did you have any knowledge at the time of those transactions that they were taking place?

A No, I didn't. In fact, I think my first knowledge of those Israeli transactions was perhaps a year later.

Q How did you become aware in early '86? You say it was in the process of handling th[redacted]

A Yes. Well, that's my recollection. And when I was doing this I decided that it was something that certainly the Secretary of Defense should be aware of. As a rule I don't discuss these [redacted] with him. Most of them are relatively routin[redacted] of [redacted] but this one seemed out of the ordinary and a subject that he would be interested in, that such negotiations would be going on.

And I went and discussed it with him and he informed me of the nature of the program, the status of it.

Q What did he tell you?

A Well, I can't remember precisely any single conversation, but certainly that he was aware of the initiative and that I should go along and proceed with the [redacted] that was before me.

Q And approximately when would this have been?

A This would have been around the turn of the year, is my best recollection, but I can't locate it any more precisely than that for sure.

Q Do you know if there had already been the December 7 meeting at the White House at which the Secretary apparently expressed his opposition to the initiative fairly strongly?

A I think that there would have been -- there certainly had been a meeting. Now whether it was a December meeting or a January meeting -- I believe there was another meeting in January at which the item was discussed. It might have been after that. I don't know.

Q Did he tell you at whichever meeting had preceded your discussions with him that he had opposed the initiative vigorously?

A Yes. He told me that he had recommended against pursuing the initiative but that the President had decided to pursue it.

Q And did he tell you what his reasons for opposition were?

A I don't want to in replying suggest that all of this is the product of a single conversation, but over a period of conversations, perhaps, or maybe in one I certainly came to know what his reasons were. And in fact they were the same reasons as he had had for opposing the initiative in the middle of 1985 -- that he did not believe that the Iranians were people with whom we could deal and that our ability to obtain any benefit from dealing with them was a mirage, and that we shouldn't try to deal with them.

He would add to that, in the context of the particular program, that the connection of dealing for hostages was not a wise one. So there were two bases by then. But certainly the basis on which he had opposed the July suggestion would carry right through.

Q Did he either in the first discussion or subsequent discussions raise any legal arguments against the initiative?

A I don't recall that. I think that there were legal difficulties in handling the program if we had done it from the Department of Defense, but inasmuch as -- because of the Arms Export Control Act provisions and reporting requirements. But inasmuch as the Central Intelligence Agency was handling it I believe he had been satisfied that there was legal authority to do it the way it was being done.

Q Did he tell you how he had been satisfied or by whom that there was legal authority to proceed?

A I believe that -- and I wouldn't know, again, at what point I would have become aware of this, but I certainly became aware probably from the Secretary that the Attorney General had passed on the question.

Q And did you know whether Attorney General Meese had given a written opinion or an oral opinion, or did you know?

A I didn't know for sure, no.

Q Mr. Secretary, in sworn testimony to our committee in the form of depositions and also on Tuesday afternoon in his publicly sworn testimony, Mr. Noel Koch relayed to us a meeting which he places you at in which he had returned from his negotiating session where he had met with a representative of the Israeli purchasing office in New York to attempt to get the price of a basic

TOW missile up from an unreasonably low floor that apparently Michael Ledeen had fixed it at in negotiations with the Israelis.

Mr. Koch says he notified then-Major General Colin Powell, the Secretary's senior military assistant, that he had had this negotiating session. General Powell said, go tell the old man, meaning we need to go down to the Secretary, and that the two of them went into Secretary Weinberger's office, that you were already there and a previous meeting was breaking up, and certain participants were leaving, and there ensued a discussion about the arms initiative, at which point in passing and half in jest Mr. Koch made the statement, words to the effect, you know, this is politically stupid, this is diplomatically stupid.

I wonder if this is legally stupid. Do we have any problems? Is this legal? Can anybody go to jail? At which point, according to Mr. Koch, Secretary Weinberger responded in the affirmative and said yeah, it might be illegal and yes, people could go to jail.

I'm not asking you to comment if there were such a statement on whether it would be correct or not, but to your recollection do you recall being present at such a meeting, and, second, do you recall any conversation along the lines I have just related?

A I recall being present in at least one conversation on this subject with Noel Koch.

Q With Secretary Weinberger?

A With Secretary Weinberger, but with Noel participating in it. There may have been more than one, but I'm not sure about that. If it was only one, I would have been inclined to place it later in the year, but it could be that I was, as you say, in the room and at a meeting. What was the date of this meeting? Did he place that?

Q Well, his negotiating session at the airport, National Airport, he dates on Sunday, January 12, and believes that the following day, the 13th, he called General Powell and thinks that probably that same day that toward the end of the day, when General Powell thought they could squeeze it in and catch the Secretary for a few minutes that that's what happened.

In any event, he thinks it was the week following January 12, 1986.

A I would have to check my calendar to see if I was there, and it might not reveal it if it came up in the way that he suggests. But it might. I mean, it might say I was in New York or something; I don't know.

But I don't recall specifically that meeting nor that conversation.

Q So if I understand what you are telling us, you do recall being present in a meeting at some point but you think perhaps later in the year with Mr. Koch and the Secretary in which this general subject was discussed?

A Right.

Q But as to that precise date and the particular discussion about any possible legal questions, you do not recall?

A I do not recall that, no.

Q Did Secretary Weinberger ever tell you, either at the time this was happening or subsequently, what he thought had happened to permit the arms initiative to survive the month period from December 7, 1985, when both he and General Powell and Secretary Armitage all agreed that the Secretary came back and relayed to them words to the effect, I think this baby should be strangled in the cradle, and a clear consensus from others at the meeting that it was not going forward, to the period of January 7, when there was an additional meeting held with all of the same players, except that at the January 7 meeting Mr. Casey was present rather than his Deputy, Mr. McMahon, who had been at the December meeting, at which point it went forward, did he ever explain to you or offer a theory as to what transpired during that month?

A No, not specifically. In a general way the Secretary is fond of saying that nothing is ever dead in Washington, and he never assumes that anything is dead or strangled in its cradle. So I'm sure it didn't surprise him that it came back up again. Many things do, and this thing had before. But he never described to me exactly how it was killed or not killed, or revived.

Q In the period after the January 7 meeting and the week or two between January 7 and January 18, when General Powell calls General Maxwell Thurman, who at the time was the Acting Chief of Staff of the Army, and goes forward with the requirement for the Army to supply TOW missiles to the CIA, were you aware of any discussions that the Secretary participated in or, for that matter, anyone else at DOD with regard to the issue of a Presidential Finding subsequent to which or pursuant to which the transfer went forward?

A I believe there was an understanding that there either was or would be a Presidential Finding that was part of the regularizing and authorizing of this whole activity.

Q Did you come to that understanding at the time, or did you learn that much later?

A No. I think that was at the time.

Q To your knowledge did Secretary Weinberger ever have the legal aspects of a Finding staffed? Did he ever have anyone here in the building look at the Finding to do a legal analysis of it or provide legal input into it, or for any other reason? Are you aware of the Finding being looked at over here and being staffed over here?

A I don't believe that that was done. I believe that we were assured or -- I mean, the reason why it wouldn't be done here is that the Agency and the Justice Department were engaged and that was their assignment, and the Secretary would be aware of that.

Q That would be the normal course of business. I guess what I mean is in this particular case were you aware that it may have made its way over here for any legal review?

A No, I don't believe it did.

Q When the requirement was imposed on the Army to provide initially 1,000 basic TOW missiles, with 3,000 more likely to follow on, did you have specific knowledge of that event as opposed to the general understanding that something was being discussed and talks were taking place and so forth?

A I was aware that we were providing TOWs and the number kept changing from time to time, but I would hear about that.

Q Who made you aware of that?

A I was aware of that from conversations with General Powell and the Secretary and Mr. Armitage.

Q In mid to late January?

A It would have been that, and on through February, because I don't think the matter was settled all at once.

Q Did you have any involvement yourself in any substantive decisions with regard to pricing of TOWs, down-grading of I-TOWs into basic TOWs -- any of those issues which were thoroughly investigated by the Department of the Army IG?

A No. We were concerned that we be compensated for the weapons that we were making available to the Agency, and we instructed the Army to do that, to bill them. But what price they were charging or that there were different prices that might be considered, I was not aware of that.

Q Were you ever party to any discussions about the means or modalities for transfer to the Agency, by which I mean whether, I guess, this would be an Economy Act transfer, whether the Army would be able to charge replacement price, et cetera?

A I understood this to be an Economy Act transfer to the Agency and that whatever prices we'd charge in that circumstance would be charged, but I was not aware of what the mechanism for determining those prices would be.

Q At the point at which you indicated, from mid-January on, you would have had discussions and been updated periodically by the Secretary or General Powell or Mr. Armitage, would you say that those were the only individuals in addition to yourself at the Pentagon who had knowledge of these transactions in terms of the arms going to Iran?

A Well, no. Later on I was aware that people in the Army, such as that I myself introduced to it -- in fact General Wickham was one --

Q But you would not have told him these arms were destined for Iran, did you?

A I don't recall. I think I probably did, but I may not have. I don't recall specifically doing that, but I think I probably would have.

MR. GARRETT: Excuse me. Are you talking about the February time frame or later?

MR. SAXON: Well, I put it in the mid-January to mid-February time frame.

THE WITNESS: Oh, no. I was thinking [illegible] I talked to General Wickham about the HAWKs later.

BY MR. SAXON: (Resuming)

Q That was in April?

A Yes. I think I told him they were for Iran, but I'm not sure. But at that point he would have known about the initiative. But the only other person besides the ones you mentioned would be Noel Koch, who at some point I came to be aware he was aware of it.

Q Do you recall any discussions about the issue --

A And then Admiral Jones.

Q At the point at which General Powell left?

A Right.

Q We should say for the record that Vice Admiral Donald Jones then became the senior military assistant to Secretary Weinberger in place of General Powell.

A Right.

Q Were you aware of any discussions in this earlier time frame of, say, mid-January through mid-February about the issue of Congressional notification, whether the Congress should be notified, who would do the notifying -- any concern on the part of the Army that Congress be notified as they read the newly-enacted Intelligence Authorization Act of FY 86? Were you a part of any of those discussions?

A No. My understanding was -- and I imagine this was because I was specifically told -- that the

Congress was not going to be notified or had not been notified and should not be notified, by me anyway.

Q Who told you that Congress should not be notified, that a decision had been made?

A A decision had been made. Either the Secretary or General Powell. It was something that we all knew.

Q I want to show you and have marked as Taft Deposition Exhibit 1 a series of essentially two memoranda and one note, and it might help to start at the back and look first at a memorandum dated 7 March 1986 from General Arthur Brown, the Director of the Army Staff, in which he addresses the memo to General Powell and it concerns Congressional notification.

(The document referred to was marked Taft Exhibit Number 1 for identification.)

I'll give you a moment to look at it and then by way of explanation General Powell puts his memo on top of it addressed to Vice Admiral Poindexter, the National Security Advisor, and then there is a memo on top from Admiral Poindexter.

(Pause.)

For the record, Mr. Secretary, have you had a chance to look at this?

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A Yes.

Q I don't know that there's any reason you would have necessarily seen this document, but let me ask you prior to today have you seen any of these documents, to the best of your recollection?

A I certainly haven't seen the top one, this handwritten note. I don't know whether I saw the other ones or not. I don't recall seeing them.

Q The top one, for the record, is a handwritten note from Admiral Poindexter with the initials JP to Commander Thompson, the legal adviser to the NSC, whose first name is Paul that says: Paul, put this with the Finding. And it's our understanding this was put in the safe in Admiral Poindexter's office with the Presidential Finding.

Let me simply ask you if in the second paragraph of General Powell's memorandum to Admiral Poindexter, dated 12 March 1986, he says: The Secretary asked that I make you aware of the Army's concerns in the event you wish to advise the DCI or the Attorney General. Were you aware of any discussions that the Secretary may have had about the issue of Congressional notification pursuant to General Brown's memorandum to General Powell?

A I can't give you, again, any specific conversation or direction that I'm aware of, except that

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it was well known that this was not being notified -- not well known. It was as well known as the program was.

Q It was well known among the few who knew about the program.

A Right.

Q Mr. Secretary, let me back up for one moment and show you what I'd like marked as Exhibit 2, portions of a CIA document which is dated 3 December 86, and it's a chronology of CIA involvement in the Iran arms initiative, and I'm showing you simply the first page and then what is the third page, and ask really that you look at the second page, with the entry 6 October 85.

(The document referred to was marked Taft Exhibit Number 2 for identification.)

(Pause.)

I would ask you if you think it's possible that would be the October '85 [redacted] that you might have had knowledge of.

A Yes, it could be, because I believe my records show that I did sign one in October.

Q Let me return to the issue of HAWKs to Iran in November of '85 and ask that this next document be marked as Exhibit 3. I will give you a moment to read that, sir.

(The document referred to was marked Taft Exhibit Number 3 for identification.)

(Pause.)

By the way, this is a memorandum, a PROF note from Colonel North to Admiral Poindexter and it bears the date of 11/20/85. It's a bit confusing. Up at the top it says "reply to note of 8/31/85", but there's a whole series of these. It's like a rolling set of electronic messages. The actual date is November 20, 1985.

A And you want me to read this?

Q Yes, sir, if you would.

(Pause.)

First, for the record, sir, I assume you have not seen this particular document until today; is that correct?

A That's right.

Q I want to direct your attention just to a couple of statements in it. It is, as I said, a PROF memo from Colonel North to Admiral Poindexter in which he is discussing the planned shipment of 120 U.S.-provided HAWKs from Israel to Iran. The first sentence says: "The Israelis will deliver 80 mod-HAWKs [redacted] at noon on Friday, 22 November."

Now in testimony which the Committees have received to date we know in fact from General Secord's testimony that on November 25 18 U.S.-provided HAWKs arrived from Israel in Tehran. If you go then to the next full paragraph of the PROF note, Colonel North says: "There is a requirement" -- he said above there 80, he says here "there is a requirement for 40 additional weapons of the same nomenclature, for a total requirement of 120."

The first sentence of the third paragraph: "Replenishment arrangements are being made through the MOD purchasing office in NYC" -- New York City. If you skip the next paragraph, in the first sentence of the following paragraph he says: "As soon as we have the release confirmed we need to move quickly with Defense to provide the 120 missiles the Israelis want to buy."

In the context of this and other documents it's clear that there was to be a replenishment of the 120 Israeli HAWKs. The first question, sir, did you have any knowledge that we were sending 120 or had a plan to send 120 HAWK missiles to Iran in November of '85?

A No.

Q Were you aware in or around the time of the shipment that any HAWKs had actually gone forward?

A No.

Q And did you have any knowledge that there was a plan to replenish out of U.S. stocks the 120 HAWKs to the Israelis?

A No.

Q And, finally, are you aware of any request which came from the White House or the NSC in particular to the Pentagon around the time of this memorandum or shortly thereafter to begin replenishment operations for the 120 HAWKs?

A No. I have learned in recent days, I think, of some request concerning this. Mr. Gaffney I think was testifying about it, although it wasn't clear to me that that was identified for this purpose. But I was not aware at that time or before this whole thing began to go public that this shipment had occurred by the Israelis or that we were a party to it or had any plans for replenishing.

Q Okay. I think I understand your testimony. In what the document says on its face there is no indication from this particular exhibit that there had been a request put forward to the Pentagon, although Colonel North makes it clear from the context that that would follow shortly after the missiles were released.

Let me offer as the next exhibit and give you a chance to read a memorandum for the record that is done by Mr. McMahon, the Deputy Director of the CIA, after a meeting on 4 October 85 among Director Casey, himself, Secretary Weinberger, and you, sir. I'll give you a chance to read that.

(The document referred to was marked Taft Exhibit Number 4 for identification.)

(Pause.)

I simply ask you, Mr. Taft, if you recall at the meeting with Director Casey and Mr. McMahon on 4 October 85 this issue coming up which is referenced here regarding arms from Israel to Iran, and particularly that Mr. Casey had read an article in a London newspaper that the Israelis had just sold the Iranians $800 million worth of arms. Do you recall any discussion about that issue?

A I don't recall it specifically, although it certainly could have occurred.

Q Let me give you what will be Exhibit 5 and give you a moment to read that, sir. This is an additional PROF memo from Colonel North to Admiral Poindexter on the 15th of January '86.

(The document referred to was marked Taft Exhibit Number 5 for identification.)

If it will make it any clearer as you read, Copp is the code name for General Secord.

(Pause.)

A Do you know what PWR is?

Q I do not.

A Okay.

Q Mr. Secretary, first of all, assuming that this PROF note from Colonel North to Admiral Poindexter to be accurate -- and we have no way of knowing that -- it indicates that Director Casey views Secretary Weinberger, in Colonel North's words, as a "roadblock", and say that "we have now gone through three different methodologies in an effort to satisfy Cap's concerns and no matter what we do there is always a new objection."

Let me ask you first were you aware during this time period and prior to the date of this note of 1/15/86 that there had been different methodologies presented to Secretary Weinberger for transferring arms to Iran in exchange for hostages or as a means of getting our hostages back and that the Secretary had in essence vetoed them? Does that in any way ring true?

A what You are saying -- it sounds true, but as to whether I was aware of it on the 15th of January of 1986, I couldn't say.

Q Do you recall there being discussions between yourself and the Secretary or other individuals in which you participated where the Secretary would say, and here is the latest proposal and I don't think it's any good either and I'm going to tell them so or I have told them so? Were there discrete discussions that would allow you to form the judgment that the Secretary was objecting in sequence to specific proposals that would be put forth by the White House?

A I don't recall that specifically. I know that the Secretary wanted to be sure that this was being done in a proper way, if it was going to be done at all. He wasn't in favor of its being done, but he was even less in favor of its being done in an improper way.

Q I understand that. But you don't recall there being specific discussions of this proposal and the Secretary objected to it, and then the White House came back with a second one?

A No, I don't. This one, two, three, I don't remember that sequence, although, as I say, it could well have happened.

Q Going to the next sentence beyond what I just read, it states: "As far as Casey is concerned, our earlier method of having Copp" -- and, as I said, that's General Secord -- "deal directly with the DOD as a purchasing agent was fine."

Were you ever made aware that there was a proposal or a methodology for these transfers that would have General Secord be a purchasing agent and deal directly with DOD in order to get TOW missiles or, for that matter, HAWK missiles for shipment to Iran?

A No, I don't recall that.

Q Let me move forward to when we actually know that a requirement came from the White House to the Pentagon for the shipment of TOWs to Israel destined ultimately for Iran. Were you aware at the time that these transfers were to bypass the Army's [redacted] as the Army worked the requirement?

A Whenever I became aware of the transfer I was also aware that it was not going to be treated [redacted]

MR. GARRETT: Excuse me. John, may we go off the record?

(A discussion was held off the record.)

MR. SAXON: Back on the record.

BY MR. SAXON: (Resuming)

Q Mr. Secretary, let me rephrase the question in a way which may be clearer and more accurate. When you became aware that the requirement had been imposed on the Pentagon by the White House to provide TOW missiles--and this would be in January of '86 -- to the CIA with the ultimate destination of Iran, did you know at the time that the Army's [redacted] was going to not be utilized and in fact was to be bypassed?

A Yes, I was aware of that.

Q And was that a conscious decision that was discussed or debated and decided upon, or was it just assumed from the beginning, given the sensitive and close-hold nature of these transfers, that the system would not be used?

A Well, I believe it was a conscious decision not to use any system that would involve more than the minimum number of people. Whether somebody specifically focused on that system, I don't know.

Q Do you know who made that conscious decision? Was it made here at the Pentagon? Was it made at the White House?

A I believe the White House/NSC and ourselves here agreed that only the minimum number of people should be aware of this program. I don't think that the White House was specifically aware of our [redacted] or not, but they certainly did not want and did not expect as many people to be involved in this transaction or to be familiar with this transaction as the [redacted] would necessarily have required.

Q When we interviewed you in April and were discussing this topic you stated, if I understand and recall your statement accurately, that the rationale of the [redacted] was designed to ensure that the leadership of the Department knew that assistance was being provided to the CIA, and in this case you stated that the leadership did know that, for which reason it was not necessary to go through the formal [redacted] [redacted]

Does that sound accurate?

A Yes, that sounds right.

Q In addition, though, to the leadership being aware that the transfers are taking place, part of the rationale for the [redacted] as it's been explained to me by people within the Army and here in the Pentagon, is that there be a legal review at three different levels [redacted] -- three different levels of legal review and also a readiness review.

To your knowledge did either the legal review or the readiness review take place?

A I'm not aware that they did.

Q As a matter of policy do you have an opinion as to whether a legal review and/or readiness review should have taken place with regard to these particular transactions?

A No. I don't believe there was a requirement for a legal review, that having been assumed by the Attorney General and the CIA. The requirements review, I think we were aware, would have been a formality. We have plenty of TOWs.

Q I want to get later to your involvement with the HAWK repair part tasking, but while we are on the issue of readiness let me go then from basic TOWs, because it's my understanding we do have approximately [redacted] basic TOWs in our inventory and everyone with whom we've spoken has indicated that's not a problem in terms of readiness, and go to the issue of the HAWK repair parts.

The Department of Army IG indicated that for the 234 line item repair parts that were requested by the CIA for Iran, that when the time came for the Army to make the decision to go forward and meet the requirement or not that there were 46 parts which had what they deemed a significant depletion factor in terms of readiness, that for 15 of the parts there would be total 100 percent depletion of our inventories if we met the requirement, for 11 of the parts it would be in excess of 50 percent depletion, and for 20 of the parts it would be less than 50 percent but still what the Army classified as significant depletion.

A Excuse me. This is the IG did this review subsequently?

Q That's correct, sir. The first question: was any of that readiness data brought to your attention at the time the Army was working the requirement?

A No.

Q Second, we have been told in sworn testimony by those officers within the Army who were working the requirement that they did make the decision that they would not meet the requirement with regard to a small number of these items for which the depletion would be 100 percent, and it was communicated to the Agency, and the CIA overruled them and required that they provide the parts.

Was that ever brought to your attention?

A I don't recall it, no.

Q With benefit of hindsight, looking at those data and assuming that they are correct as the DA/IG reported them, would you still maintain that there would be no need for a readiness review as to either the TOW or the HAWK repair part issue?

A Well, you can always have a readiness review, and if you have one you will learn what the situation is. That has to be then balanced against the benefits of applying the weapons to the intended purpose. And the fact that, as you say, in hindsight there might be an adverse impact on readiness is not at all conclusive.

The balance that one could have made against that conclusion, if you had it, and the value of being able to do that would have to be weighed against the larger number of people who would be made aware of the program in carrying that out.

Q To do the readiness review?

A Yes, and you have to make that judgment before you do the readiness review. And I think in hindsight my sense of it is that the need to keep the number of people who were knowledgeable about the program and the situation as small as possible makes the decision not to do the requirement review a good one. You can't decide whether to do a requirement review on the basis of the outcome.

Q On a different issue in terms of readiness, if I correctly understood Dr. Gaffney's public testimony on Tuesday afternoon of this week, he indicated that in November of 1985 General Powell asked him to take a look at the possibility of the Pentagon providing 3,300 I-TOWs to the Iranians. This was a follow-on to the 120 HAWKs.

The first question: Were you ever made aware that the Department was looking at the issue of providing 3,300 I-TOWs to Iran?

A I don't recall that, no.

Q . Second, just from general knowledge today would you have any idea whether there would be an adverse readiness impact on the Army to provide 3,300 I-TOWs as opposed to roughly 4,000 basic TOWs?

A I don't know.

Q In addition to discussing the readiness issue with you in April we talked about this issue of the Pentagon leadership at the top knowing about this, and that being the rationale of the [redacted] and therefore you didn't need to go through it. And in the process I asked you if you would include in the definition of those people in the leadership who needed to know the Chairman of the Joint Chiefs, and you indicated, if my notes are correct, that perhaps you had a narrower view of the Department's leadership than I did and that in your opinion perhaps Admiral Crowe did not need to be made aware of the Iran arms initiative.

Would that still be your judgment, sir?

A Yes, I think so.

Q Admiral Crowe has provided the Committee sworn testimony last week that when he found out about the Iran arms initiative, which he found out about in late June or early July of 1986 quite by accident, that he immediately asked three questions that he thought should be examined, and he came to learn had not been examined.

The first was the full readiness impact on Army stocks from both providing basic TOWs and HAWK repair parts. The second was the strategic effect on the Iran-Iraq war. And third was the effect on U.S. security, given that it was not impossible we could find ourselves in open hostilities with Iran and they would be having additional copies of our inventory.

To your knowledge were any of those three issues worked as the Pentagon met this requirement?

A You mean before Admiral Crowe asked those questions?

Q Yes, sir.

A Well, certainly the general question of the impact of these sales on our relationship with Iran was considered.

Q But that was not one of the three questions he raised. Not the general relationship with Iran. He looked at more tactical considerations -- number one, the impact on U.S. readiness in terms of drawing down our stocks for basic TOWs and HAWK repair parts; second, the strategic impact on the Iran-Iraq war.

A That's what I mean. I think it was considered.

Q You think it was?

A Yes, not by him but by others.

Q And who in the Department took a look at that issue?

A I don't mean that it was staffed out. I mean that it was considered by the people in connection with the original decision, President's decision. It was part of the Secretary's thinking and one of the reasons, in fact, why he tended to oppose the initiative, was that he thought it would have an adverse impact.

Q And to your knowledge, Mr. Secretary, were the other two looked at?

A The first one, I think no.

Q That was readiness.

A Yes.

Q And the third was the effect on our security, given that the Iranians, with whom we might find ourselves in some form of hostilities, would have TOWs and HAWK repair parts beyond what they already had.

A Yeah, I think that, it would be fair to say, was considered, also not again staffed out with the precision that one can do but as a general issue. I think the feeling was that these shipments of the size that were being contemplated would not cause a problem for us.

Q When we met in April one of the things that we talked about as we discussed the Presidential Finding and the Attorney General's opinion on which the Secretary relied to have obviated the need, I guess, for any further legal review, you pointed out that during the period prior to your current position when you were General Counsel of DOD you recall a similar issue, and if my notes are correct you indicated that with a different Attorney General, William French Smith, and with Stanley Sporkin, the General Counsel for CIA, you reached a different conclusion.

At the time you didn't recall the particulars of that case. With the passage of time do you remember anything more about what that case may have involved?

A No, I don't recall that.

Q I'm not sure that I know either.

A Maybe you could help me.

Q But with the benefit of some of the documents which the Department has been kind enough to provide us we may have the example, and I'd ask you to look at this, which I will ask be marked as the next Taft Exhibit.

(The document referred to was marked Taft Exhibit Number 6 for identification.)

(Pause.)

A Okay. I have read that memo. I guess here is the list.

Q I take it, Mr. Secretary, unlike some of our exhibits you recall having seen this document?

A Yes, this document has been seen by me.

Q And the top item is a memorandum for the Secretary of Defense dated September 2, 1983. I believe that's from you, and is that your signature on page two?

A Yes, it is.

Q Having had a chance to read this, do you recall anything about the circumstances giving rise to this memorandum and this letter?

A Not a great deal, I'm afraid, just what it says. I do recall Congressman Addabbo's being very interested in this subject, but not in a friendly way.

Q For the record, the subject matter of your memorandum says "CIA Request for DOD Support of Covert Activities in Nicaragua". In the first paragraph, if I can read it, it says: "Recently Judge Clark" -- and that would be the National Security Adviser, Judge William Clark, I assume -- "sent a memorandum to you asking that the Department, in coordination with OMB and State, ensure that sufficient resources are available to support democratic resistance forces within Nicaragua. Subsequently the CIA came in with a request to us for [redacted] worth of equipment and services to be used in support of such forces." And then you say "see attached illustrative list."

If you would look at page two, that first paragraph at the top, you state: "An attempt to avoid Congressional involvement in the transfer process could jeopardize the entirety of the CIA legislative authority to receive funds from other governmental agencies." Continuing, it states: "Despite our desire to support CIA initiatives within Central American we are nonetheless constrained in the method of this support by statutory restrictions."

I don't know, sir, if this is what you had in mind, but it seems to us to clearly be an instance where the Department, from the context of the exhibit, would like to have been supportive in helping the CIA in the efforts to help the Nicaraguan resistance forces, but for some reason in your capacity as General Counsel looking at the laws that were applicable you indicated that the Department could not meet that request.

A Yeah. I don't think this was the issue that I had in mind, though. I think the issue that we had later -- that I had had earlier was the question of how the Hughes-Ryan Act folds into the Arms Export Control Act. That was the issue. That doesn't appear to be the issue in this memo.

Q Can you recall anything more specific about the question of how the Hughes-Ryan Act and the Arms Export Control Act overlapped and anything about the facts of that?

A That is the question whether if you have a covert activity that relieves you of the obligation under the Arms Export Control Act to make the reports that are prescribed in it, and that was the issue that I think we were examining.

Q And to the best of your recollection how did you resolve it?

A I think we resolved it that the transfer was not made, but that may not have been because of the legal position. It may have been for totally other reasons -- I mean that the thing went away or whatever, that it wasn't necessary to do. But, as I recall, that was the issue we took to the Attorney General, was whether the Arms Export Control Act reporting requirements applied or were vitiated by the Hughes-Ryan Act, where you could make a covert Finding and then go totally covert and never make a report about it.

Q All right. Mr. Secretary, I want to ask you for your best legal opinion in that regard, recognizing that you are not currently in the position of DOD General Counsel but you are a lawyer and you have filled that position -- and if you wish to consult with your counsel, that's fine. But to your best understanding can a Presidential Finding in an intelligence activity override the need for Congressional notification that might otherwise exist in the Arms Export Control Act?

A What I'd like to do -- and I really shouldn't give you an answer now on that, because I just don't have the materials at hand, but what I would like to do would be to see if I can find whatever work we did and if I signed something back then which reached one conclusion or another on it, and we'll certainly make it available to you. That would be my best view at any particular time, and I wouldn't have any reason now, because I'm less familiar now than I would have been when I signed such a document.

As I recall and another reason why I would be reluctant to opine on it is certainly if we took it to the Attorney General it's a relatively close question.

Q That would make sense.

Mr. Taft, when we talked with you in April you indicated -- April of '87 -- you indicated that you thought about in April of '86 you had had occasion to talk to Admiral Poindexter, who at the time was the National Security Advisor, and be shown a document in his office that might have been the Presidential Finding pursuant to which these transfers went forward.

What do you recall about that meeting with Admiral Poindexter and the circumstances and any documents you may have reviewed?

A Well, what I recall is that I went into his office and we started discussing the program to transfer arms to Iran and he showed me a document which described the reasons for the program and I read it. Our discussion went on. And I told him that, of course, as he knew, the Secretary who was out of the country at the time, was opposed to the program, did not think that it was a good program, a good idea, and that my further understanding was the Secretary of State was of the same opinion.

And he said he knew that. And I guess we were aware that the President had decided to go forward with it.

Q Do you recall when that would have been?

A That would have been sometime in the first two weeks of April, I think. It might have been the last part of March, but it was before April -- certainly before April 14, which is a date I remember.

Q And to the best of your recollection did you see the Finding?

A I saw a document and it may well have been the Finding. I'm not positive that it was the Finding.

Q And why, sir, does April 14 stand out in your mind?

A Because we had the raid on Tripoli on that day and this was before that, because the Secretary was out of town before that and back by then.

Q Do you recall there coming a time in the fall when you had a discussion with Secretary Weinberger and perhaps General Powell in which the Secretary was attempting to fix in his mind when he first knew of a Finding or saw a Finding, et cetera, and you volunteered that you had seen some document that may have been the Finding in Admiral Poindexter's office in April? Does that in any way ring a bell?

A Do I recall --

Q Having a discussion in the fall of '86?

A I think I may have certainly done that and told him that I may have seen the Finding, yes.

Q Do you recall anything about that meeting or those conversations?

A Now this would be a meeting I had just with the Secretary alone on this subject?

Q I believe it would have been a meeting with General Powell and the Secretary or Mr. Armitage and the Secretary.

A I can't recall it specifically, but we had quite a few meetings at which this subject was discussed.

Q In fact, it was Mr. Armitage. General Powell would have been in Germany at the time.

A Yeah, he would not have been there. That's right. Perhaps Admiral Jones was there.

Q If you would walk us through quickly what happened with the HAWK repair part tasking which you passed on to the Army. How did you come to know about it? Who notified you and asked you?

A This is the April tasking?

Q Yes, sir.

A I would have gotten that from Admiral Poindexter. What I did was I was not specifically aware of what the items were other than that they were related to HAWK missiles, that they were spare parts, but there would be a long, detailed description of them, and what I did was as Admiral Poindexter directed or requested, whatever, was to advise General Wickham that we would be getting a tasking from the CIA that would specify certain HAWK items, HAWK-related items, and that we were to fulfill it and that we were to be paid for it by the Agency.

Q Did Admiral Poindexter come to you because the Secretary was not in town or out of the country, or was there some other reason?

A I believe that was the reason. He knew that I was familiar with the program already, so it wouldn't expand the number of people involved. Also, Mr. Armitage was out of the country, too, and Admiral Jones. So the whole team -- I was the only person in OSD. Maybe Noel Koch was here, but, in any case, he went to me.

MR. SABA: Why wouldn't the tasking come from the Agency?

THE WITNESS: Why wouldn't the tasking come from the Agency?

MR. SABA: The Agency had provided a tasking in January of '86 that had come through, and that was unusual, but given the circumstances at the time --

THE WITNESS: You mean the tasking to me come from the Agency?

MR. SABA: My question is why do you think the tasking did [illegible] go from the Agency straight to General Wickham? Why is the routing Admiral Poindexter to you? Normal CIA taskings are Agency to the Army or through the JCS. The Army had already done one tasking under this program for TOWs. Wickham and General Thurman both knew about the program. So did General Russo. So they had contact points in the Agency that were familiar with it.

My question is it always seemed strange to me that the tasking on this radar parts would come from

Admiral Poindexter at NSC to you.

THE WITNESS: I guess the person to ask is Admiral Poindexter as to why he did it this way.

MR. SABA: When you received it, it didn't seem unusual to you?

THE WITNESS: No, it didn't in that this was a program that the NSC was the one who was familiar with it and it was also a program as to which our lack of enthusiasm was well known, and I think they wanted to perhaps, you know, be sure that we knew that this was still part of the President's desires and the NSC is much more able to demonstrate that to us than the CIA.

BY MR. SAXON: (Resuming)

Q Did Admiral Poindexter indicate --

A I think they also wanted us to be aware of it.

Q Did he indicate that this was a follow-on to the TOWs, part of the same package, the same series of transactions?

A I think we understood that, yes. Whether he stated it so specifically or not, it was clear that this was a second transaction in pursuit of the same program and under the same authority.

Q Did you convey that to General Wickham or did he have the same implicit understanding about the requirement?

A I don't recall exactly what I conveyed to General Wickham about the authority, nor am I sure what he knew about the previous shipment because when I asked General Powell how he had handled the first shipment he told me that he had handled it through Max, through Max Thurman, and I was not aware whether Max Thurman had told General Wickham or not about it. But because General Wickham was -- I believe Colin handled it through Max Thurman because General Wickham was out of town.

Q That's correct.

A But General Wickham being in town, I felt I could handle it through him.

MR. SABA: Is it possible that Admiral Poindexter called you so that you would initiate the action and thereby, by having the tasking assume that [redacted] [redacted] would again be passed as it was passed in the January transaction?

THE WITNESS: It's possible, but I doubt that, because I said earlier I don't think that the NSC people were aware of the existence of the [redacted] in the first place. They may have been, but I don't know that they were.

MR. SABA: To go back and look at that, when we discussed that a little earlier I think you said that one reason the system was bypassed was to keep it a very close hold matter, that there was a conscious decision to bypass the [redacted] in January in order to keep the matter a very close hold one.

THE WITNESS: Well, a conscious decision to bypass any system that would result in broad knowledge of the subject and the [redacted] is such a system, yes.

MR. SABA: I do want to stay with this a bit. If it was a conscious decision to bypass the system, by whom was that decision made?

THE WITNESS: Where I'm having a little difficulty following you is the conscious decision was to conduct this operation in a way in which the smallest number of people would be aware of it. You characterize that as a conscious decision to bypass systems A through G. That is not the way the conscience was making the decision.

The conscience was saying I want to limit the number of people who know about this. Now it may be there are eight different systems out there that were bypassed as a result, but to suggest that we considered each one of them and decided to bypass each one of them is not the way the decision was consciously made.

MR. SABA: All right. In any event, who made that decision?

THE WITNESS: That was implicit in the nature of the activity and the Secretary and General Powell in doing the first transaction had established that pattern.

BY MR. SAXON: (Resuming)

Q Mr. Secretary, the thing we're having difficulty understanding -- and maybe you can help us understand it -- we have been told that the [redacted] is not only that system that was designed to handle sensitive transfers to the CIA but that it was to be the exclusive means for handling sensitive transfers of defense articles from DOD to the CIA.

We have been told that it has expedited procedures written into that governing set of procedures and regulations so it can be done very quickly. We are told that it has been used for some very sensitive transfers -- [redacted] things that are otherwise not the sort of thing you want lots of people to know about.

And yet for some reason the system was not utilized in this case, and given the history of its creation, particularly the [redacted] within the Army, in September of 1984 because of ISA problems and YELLOW FRUIT and other things, everybody is very sensitive to that and the system was tightened up and this is the way we are going to go.

A Yeah.

Q And we didn't go that way.

A Right.

Q And, as everybody has told us, this is the only instance that they can think of -- the two instances of HAWK repair parts and TOWs -- in which we have not used that system.

A Right. I think the fact of the matter is that that system means that more people know about the program than in fact knew about it under the approach that we adopted, and while nowadays a great many people know about it, I think that probably between January of '86 and October of '86 many fewer people knew about this activity than would know about any activity, however sensitive, but any activity that goes through the [redacted] Many fewer people knew about it, in fact, and that was our intention and that was the reason.

MR. SABA: I just do want to be very specific on this because it's not altogether clear. I'm trying to decide or trying to understand whose decision it was to be that close hold. We have a Finding.

THE WITNESS: The NSC was very adamant that this be extremely closely held, but it was a view that we shared.

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MR. SABA: I'm sorry again, but when you say "we" --

THE WITNESS: I'm talking about the three, four people in OSD who were familiar -- the Secretary, General Powell and myself, Mr. Armitage.

MR. SABA: So the decision to keep it close, held both in January and repeating again in the case of the HAWK repair parts, was a decision which I take it yourself and the Secretary consciously made.

THE WITNESS: To keep it to a very small, the smallest possible number of people. That's right.

MR. SABA: And therefore I take it in the case of the January TOW transfer there was an order given to General Powell to tell General Thurman in the absence of General Wickham to meet the requirement?

THE WITNESS: An order? Well, I guess there was. You can ask him. But whether it came from the Secretary or came from the NSC, I don't know. But he certainly received some instruction.

MR. SABA: He did, but in this entire exercise that we're doing it's important for us to understand, and I think the public is trying very hard to understand, whether a Colonel or whether an Admiral on the staff of what is an organization which is merely a staffing exercise, the NSC, can tell people, and people who

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outrank them in agencies, whether it be CIA or DOD, to do things.

So it is important for us to understand who told who to do what. If Colonel North can call a three-star general and say get me TOWs, people in Congress want to understand how that happens, and similarly the authority line by which Vice Admiral Poindexter, in his capacity as head of the NSC -- I presume not in his capacity as Admiral -- can call Colin Powell, who is the special assistant to the Secretary, and say transfer TOWs to the CIA and don't do it the way we have always done it.

And I don't find paper on that, so I'm trying to understand who made those decisions and what the routing was.

THE WITNESS: I guess I'm not the person to say how the instruction came to General Powell. I don't know whether it was from Admiral Poindexter or Mr. Fortier or whoever.

MR. SABA: But in the case of the HAWKs, it came to you.

THE WITNESS: But I can help you on how this kind of thing, this phenomenon, would occur. And I think you see an example of it when you see General Powell, for example, go to General Thurman, who is a four-star general, General Powell then only being a two-star general, and he didn't have the slightest trouble persuading General Thurman to do what he asked him.

And the reason is that General Thurman knew that when General Powell asks him to do something it's because the Secretary of Defense wants it done. That's not accurate here, not fully accurate, but he in the formal sense wanted this done. In the informal sense he didn't want it done, but that's an aside.

And they have confidence in the authority of these people who work for people who are superior to them but who themselves are not, that they are reflecting the desires of that superior authority. When the Secretary, for instance, or I get a request from Admiral Poindexter, we might, if, for instance, it had been a request to make this transfer in September of 1985, the Secretary would not have told General Powell to tell General Thurman to do it.

He would have said, hey, wait a minute. What does the President think of this.

BY MR. SAXON: (Resuming)

Q That distinction being because at the time --

A Because at the time, as far as he was aware, the President hadn't decided he wanted to do this and he opposed it himself.

MR. GARRETT: In September of '85.

THE WITNESS: Of '85, and the Secretary opposed it and wouldn't do that kind of a thing that he was strongly opposed to without hearing it from the President. But by January, once he knows that the President has decided that he is definitely going to do this and he has had his day in court and he's aware that this is indeed the President's program, then, when Admiral Poindexter calls up and says you remember that the President decided yesterday that we were going to do this and here are the details, we do it.

MR. SABA: So then was the conscious decision to keep it very close hold, the President's decision?

THE WITNESS: I don't think the President would have disagreed with that policy for the Department as a whole, but I'm not sure that he focused on it particularly. He would have agreed with it.

MR. SABA: Wouldn't that have been the chain of command, then, by which Colin Powell and later yourself would have taken the tasking from Admiral Poindexter?

THE WITNESS: I guess I don't know whether the NSC directed us specifically to limit the number of people who were aware of this to the absolute minimum or whether we simply understood that that was the right way to go about this and ourselves told them that that was what we were doing.

It is clear to me and it was clear to them that we were keeping the number of people in the Department familiar with this program very small, and they were pleased with that. That was the way they liked it, and that was the way we liked it. I hope I'm being helpful.

BY MR. SAXON: (Resuming)

Q Just for the record, so you'll understand where our questions are coming from, we're not looking for some one person to hang for having made the decision to bypass the [redacted] What we're trying to find out --

A We all bypassed it.

Q -- is given that there is this system, that there is an office that exists within the Army to administer it and that everybody more or less understands it's the exclusive system to follow, it wasn't used and we're simply trying to figure out the point at which that decision originates so we can put the story together.

MR. SABA: And it's even harder to understand that in the context of a Secretary of Defense, who is fundamentally, at least on a personal level, opposed to the activity and makes, through General Powell, at least, and yourself continued insistence that in every other respect the regulations and procedures be followed.

We have an insistence on using the Economy Act and getting a full price, which means there is a lot of people who are generating the activity on the price. So in many ways we have an insistence on maintaining the procedures that normally attach to a transfer from DOD to CIA, yet the tasking in each case initially comes from or out of the NSC and it is just trying to understand that process is what I am getting at rather than trying to look to one person.

THE WITNESS: The main point that was in mind, and I don't think while the Secretary might have disagreed with the program he was not going to undermine it once the President had agreed with it. A critical element in its being a success, if it was going to be ever, was that it be kept secret, and a way to do that, generally understood, is to minimize the number of people familiar with it.

And I guess, you know, the result actually is fairly good. The [redacted] you've mentioned several classified programs that have run through the [redacted] with which everyone in the country is familiar. This one we managed to keep quiet. I mean, just because we were opposed, the Secretary was opposed to the program and recommended against it and all of the points that you make about his being sure that it was done right and according to the regulations and not improperly are consistent, it seems to me, with the approach that says we are going to make sure that it doesn't get ruined either by being improperly done or by being disclosed.

This was the effort.

MR. SABA: So there was every attempt made to avoid any possibility for leaks?

THE WITNESS: That's right. That's essentially what this was about. This program -- I cannot recall more than one or two programs that have as few people in this department aware of them and in fact that would justify that type of approach more than this. I mean this program, the disclosure of it or the rumoring about it, would be terminal, as in fact it was.

BY MR. SAXON: (Resuming)

Q In the interest of time let me move quickly on to some other subjects. I do want to ask one final question about the Iran portion of these matters. In your opinion, if the United States had provided HAWK missiles to Israel which they had in their stocks in November of '85 and Israel had wanted to transfer those to Iran, would that have been legal for them to do and,

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if so, what kinds of clearance or approval would have been necessary on the part of the United States Government?

A Well, my understanding is that any weapons that we have -- and HAWKs would be in this category -- that the United States would have exported to Israel and that it has, that if they are transferred to a third country -- and not just Iran but any third country -- that we must be notified of that and approve it.

Q Do we have to approve in advance of the transfer?

A I believe so, yes. I believe so.

Q And do you know whether the contract or the letter of offer and acceptance under which the recipient country would receive the defense articles, are they bound by that contract to get that prior approval in writing? Do you know whether that's the case?

A I don't know. Basically you are going into the Arms Export Control Act is where you are.

Q Let me shift to a totally different subject and ask that this next item be marked as a deposition exhibit and give you a chance to read it.

(The document referred to was marked [illegible]ft Exhibit Number 7 for identification.)

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(Pause.)

Mr. Secretary, this exhibit is a memorandum for the record dated 15 March 1985 prepared by Mr. McMahon, Deputy Director of the CIA, and it follows a meeting that he has had with you and Secretary Weinberger of that same day. At the close of his MFR he states: "In closing, the Secretary stated that he had heard that [redacted] had earmarked $25 million for the contras in $5 million increments."

While I understand you have probably had many meetings with Mr. McMahon and I won't ask you to recall that particular meeting, do you recall any discussion in that time period in which Secretary Weinberger would have made known to Mr. McMahon that he had learned that the [redacted] giving $25 million to the contras?

A No. I don't recall this discussion specifically at all.

Q Do you recall knowing that the [redacted] going to give $25 million to the contras?

A No. I mean, I have heard recently, but you mean back when other people didn't know?

Q In 1985, when other people didn't know.

A No. I don't have any specific recollection of it. There were certainly people who were supporting the contras, and one could imagine, perhaps, who they were, sometimes correctly, sometimes incorrectly. But we never had any firm knowledge that this was being done.

Q In March of '85 am I correct in saying that was a period when the Boland Amendment, Boland II, from the fall of '84 had cut off all U.S. Government funding of the contras; is that correct?

A I don't recall, but it could well have been.

Q I believe the record would show that that is correct, and $25 million is a siz~~e~~able amount of money to provide as an infusion to the contras even in $5 million increments. It seems that that is the kind of thing that would stand out if you learned it. And, likewise, to an impartial observer two years after the fact it seems hard to imagine why Mr. McMahon would have reduced something like that to writing, if that hadn't been discussed.

A I agree with that.

Q So if I understand your testimony you have no recollection that that was discussed and you have no recollection that you ever knew in that time period or any time prior to these matters becoming public that [redacted] giving $25 million to the contras; is that what you are saying?

A The question of definite knowledge that this was being done, and I guess this does not itself suggest that we were sure about this. As it is presented it looks more like the Secretary was reporting a rumor. And, as I say, there were rumors. I don't know whether this is even true. But the figure seems a little different, in fact, from other figures that I have heard recently.

But there certainly was speculation as to what the support for the contras -- where it was coming from. A lot of it was from private sources here. I can recall at the time speculation about [redacted] I don't recall hearing anything about Brunei until subsequently.

Q So your testimony is --

A I have no reason to think that John was not writing down what he heard here, but I just don't recall it, that's all.

Q You don't recall that discussion or you don't recall the knowledge?

A I don't recall the discussion, and I don't recall any certain knowledge, which as I say right here it doesn't appear that this is a certain knowledge either.

Q Did the Secretary ever discuss with you that he had heard that, whether it's in the rumor category or in some confirmed category? Did he ever tell you that he learned or heard that [redacted] to provide $25 million for the contras?

A Well, I was at this breakfast and he's recorded here as having said it, so I suppose I heard it if he said it. But in any definite sense, no. And, as I say, I don't recall this.

Q You don't recall that the Secretary would have told you that apart from any meeting with Mr. McMahon?

A No. No.

Q Let me go to another matter and ask that this be marked as the next exhibit.

(The document referred to was marked Taft Exhibit Number 8 for identification.)

(Pause.)

A Okay.

Q [redacted]. Secretary, this is a memorandum from Colonel North to Admiral Poindexter dated January 15, 1986, and it discusses an upcoming meeting that Admiral Poindexter is to have with General Galvin, the SOUTHCOM commander, and it talks about the situation regarding the contras and a number of things in general.

But in particular if you look at the final paragraph Colonel North is saying to Admiral Poindexter: "Finally, General Galvin has asked that you agree to periodic meetings with you to discuss sensitive issues.

You should be aware that General Galvin is cognizant of the activities under way in [redacted] Costa Rica [redacted] in support of the DRF. General Galvin is enthusiastic about both endeavors."

Now in sworn testimony to the Committees General Galvin has indicated that this is essentially correct in that he did have knowledge of the private supply operations to aid the contras, in Costa Rica the private air strip that had been constructed, we have also been told in separate sworn testimony, [redacted]

My question to you is whether the SOUTHCOM commander or anyone else ever made you aware of these activities.

A Of his activities?

Q Of the private supply operations that were going on in which American citizens were involved, and we now know General Secord and that network were involved in air drops of lethal equipment to the contras during the period in which all U.S. Government funds were cut off by the Boland Amendment, particularly to the two locations of a private air strip in Costa Rica [redacted]

The first question is, General Galvin --

A General Galvin. I don't recall his ever having made me aware of these things.

Q Did anyone else prior to these matters all becoming public?

A There were reports, intelligence reports, that indicated that private people were certainly supporting the contras and that the contras were fighting. From time to time we'd get an intelligence bulletin and whatnot, and then there was that fellow from the Army Reserve in Alabama --

Q Tom Posey?

A Yeah, who was picked up. I forget what happened to him exactly.

Q As a former member of the Army Reserve in Alabama, for the record it should be uttered that was the Alabama National Guard.

(Laughter.)

A Excuse me. But he had been involved in supporting them, and that came out and we got questions about it, and it developed from that that there were private citizens working with the contras in support of them.

But the specific air fields that were used, I was, I don't believe, ever aware of [redacted] the one in Costa Rica. I don't think I ever had any knowledge of those.

Q Were you ever made aware that there were any U.S. military personnel facilitating those private citizen efforts to which you just made reference?

A No.

Q Let me offer the next exhibit and give you a moment to look at that.

(The document referred to was marked Taft Exhibit Number 9 for identification.)

(Pause.)

A What's PRAL?

Q I couldn't give you a precise answer, but it's one particular group of forces in the military.

A In the Salvadoran military?

Q Yes, I believe that's correct.

A Who is this from?

MR. GARRETT: SOUTHCOM to [redacted]

[redacted]

THE WITNESS: It's to General Gorman.

BY MR. SAXON: (Resuming)

Q There are a couple of different items. One is from Gorman and one is to Gorman.

A I see. The thing I'm reading second is not what was attached to the thing that came first?

Q That's correct, sir.

A I see. All right. So I haven't got that attachment. Whatever he was attaching, I don't have it. Okay, this is just another memo.

(Pause.)

Do we know from whom this one is?

Q Which one are you looking at?

A The second one.

Q This is from Ambassador Pickering.

A This may have been the thing that was attached to the front one?

Q No, sir.

(Pause.)

A Okay. I have read these.

Q Felix Rodriguez, who is the subject of these three pieces of correspondence, has provided sworn and, for that matter, public testimony to the Committees that his purpose in going to El Salvador was to assist the Nicaraguan resistance forces, and what you are looking at are three items of communication which are in chronological sequence, and one of the attachments is not there, and that's what I think maybe threw you off.

But the first one, on the letterhead of the U.S. Mil Group in El Salvador and signed by Colonel Jim Steele, and in fact in his sworn deposition he confirms that this is his signature and that is a document from him, is to Ambassador Pickering, and says: "For your guidance, attached is a draft back channel to General Gorman on our no-pay mercenary." And it says above the subject is Felix Rodriguez. And Colonel Steele has confirmed that that is what this is with regard to, and that Mr. Rodriguez, who was working for no pay, was referred to as the no-pay mercenary.

The next item of cable traffic, dated 14 February 85, is from General Gorman, then the SOUTHCOM commander, to Ambassador Pickering in El Salvador and Colonel Steele as the Mil Group commander, and in line one he says: "I have just met here with Felix Rodriguez." He goes on to say, in numbered paragraph two, "Rodriguez' primary commitment to the region is [redacted] he wants to assist the FDN. I told him that the FDN deserved his priority."

General Gorman says, in item four, "My judgment is that his advice will reinforce ours and that we should put no obstacles in his way to consulting with Blandon or Bustillo unless and until we get counterindications. I recommend that Jim Steele meet with him." And then finally he says: "Assuming your approval I will sent Rodriguez to [redacted] tomorrow, 15 February, on one of my C-12s."

And the final item that you are looking at is a back channel message from Ambassador Pickering to General Gorman, and he says in it, "I had a valuable meeting with Felix Rodriguez February 15." So in essence what has just been referenced by General Gorman in the previous cable took place. He goes on to discuss the tactical assistance that Rodriguez will provide and then, in numbered paragraph three at the bottom, he says: "Rodriguez will return in three to four weeks to work with Bustillo, FAS and Steele. Steele will monitor closely."

My questions are to ask you, number one, if General Gorman in any way, as SOUTHCOM commander, ever communicated to the Pentagon, to your knowledge these matters that are referenced in these communications.

A Not to me. I wouldn't be able to say as to whether he communicated them to others.

Q To your knowledge, if the representations here are correct, was he acting with the blessing of or at the instruction of the Pentagon?

A I'm not aware.

Q Did anyone else ever make you aware of the activities of Mr. Rodriguez and the fact that he might have received some U.S. military assistance in going about those activities to assist the FDN? Particularly he has testified that this is with regard to the private supply operations, the air drops of lethal equipment to the southern front which went through [redacted]

A No. I was not aware of that. I didn't check on his testimony the other day. This is not that, though, is it? I mean this is El Salvador. These are things he's doing in El Salvador.

Q That's correct.

A I mean, I don't even see what you are saying. I don't even see it here in the documents you are showing me.

Q That's correct. He has testified to that publicly in the first phase of the hearings.

A That?

Q That his purpose in going to El Salvador was to assist the FDN, particularly to assist the private supply operation operating [redacted] to get lethal equipment to the southern front, and that that was his purpose in being sent there.

A Who was sending him there?

Q He went with the knowledge of and blessing of Colonel North and --

A This was his purpose, but it wasn't necessarily -- I don't know. Was it General Gorman's purpose? Is that what he said?

Q Yes, sir. I think the exhibit in that regard speaks for itself.

A That's what I'm getting confused about.

Q The cable from General Gorman of 14 February 85 to Ambassador Pickering said "Rodriguez' primary commitment to the region is [redacted] he wants to assist the FDN. I told him that the FDN deserved his priority."

A Right.

Q And the Ambassador Pickering the next day says that Colonel Steele will monitor closely.

A Yeah. But what he's saying, if I read it right, what he's saying is, Gorman is saying where you just read in paragraph two, his primary commitment is there, and he says that he agrees that that deserves your primary commitment.

But then he goes on about whatever Pickering is doing, the people in El Salvador, which is not that. The bulk of this memo -- and I just read it once; I may be reading it too quickly -- it seemed to me that what Gorman is saying here is he said he was mainly interested in FDN, and I said they are great folks and that's fine for you, but that I went on and I also told him about your work, and then the rest of the memo appears to be about that, and that he's coming up, Blandon and Bustillo and all these people in El Salvador, and that he's sending him up to talk to him about that.

And the memo from Pickering then goes back and says he did come up here. And it appears from this that all of these points that he is discussing are all El Salvador type points. So it doesn't appear from this -- maybe he did; maybe he testified to the contrary or in addition, but it appears from this that what's his name, Rodriguez, was taking a detour from his primary interest and Gorman was sending him up to El Salvador to discuss that.

And from this memo, he did discuss it.

Q I guess the question, Mr. Secretary, is to ask whether you were ever made aware by either civilian or military personnel of the Department of Defense that Mr. Rodriguez was providing assistance to the private supply operation for the contras in the southern front, whether prior to any of these matters becoming public you were aware of that.

A No, I was not aware of it, nor am I aware of that from this, nor does this say anything about that.

Q I'm telling you what he testified to publicly as to what his purposes were.

A No, I'd never heard of Mr. Rodriguez until the other day.

MR. SAXON: Off the record a second.

(A discussion was held off the record.)

(A brief recess was taken.)

BY MR. SAXON: (Resuming)

Q Let me ask that this be marked as the next exhibit.

(The document referred to was marked Taft Exhibit Number 10 for identification.)

A This is from?

Q This is from [redacted]

A To

Q I'm sorry, yes, to the Embassy

A Okay.

(Pause.)

Date?

Q It's April of '86, the third of April.

A All right. I've read it. I'm not sure I understand it.

Q All right. Mr. Secretary, I'm not going to inquire into the matters in paragraph two and paragraph three. We think we understand what went on there with regard to Colonel Commee and the fact that Colonel Clark became his replacement. We think we know the reasons why and there's no great mystery there.

I want you to look, though, at the first paragraph, in which [redacted] is saying that the SOUTHCOM commander, General Galvin, at this time wanted to have a military team on the ground ready to be involved in aiding the democratic resistance. Now there's no suggestion in here that this was during a period when that would have been illegal.

A There's no suggestion in this memo or no suggestion by you?

Q Either. There's no suggestion that we're talking about a period where such assistance would have been prohibited. But we'd like to know, though, from the standpoint of the Pentagon and its top leadership, was military involvement in the follow-on, once U.S. Government funds could be used again to aid the contras, what were the discussions had at the Department in terms of whether that was wise, who made the decision that it would be the CIA that would take that lead, and that the military support would be minimal, et cetera.

How did all that play out -- the tension between military versus CIA, control or leadership or management of that process that's reflected in [redacted] cable?

MR. GARRETT: You're asking him to speak, John, of course, from his own knowledge.

MR. SAXON: Sure.

THE WITNESS: My impression was that there wasn't an issue as to the primacy of the Agency in this area when it became legal for them to be engaged in it, that this was ~~there an~~ their activity that they were the right people to carry out. Now there was a time -- and I forget exactly when it was -- that the State Department had the lead responsibility by statute, I think, for the humanitarian assistance program or something, but after that it came to be possible for the Agency to be involved, I think.

And at that point they were the people with the primary responsibility. There was concern here in the policy office -- I know Fred Ikle had it -- and in the military, JCS, and presumably they were getting that from SOUTHCOM.

BY MR. SAXON: (Resuming)

Q I should say that General Galvin, who we have also deposed, confirms all of this. He says that he very forcefully made the recommendation to the JCS that there be a military role, and the reason that he cited was he didn't think that the CIA was equipped and trained to carry out that role. You're talking about tactical military types of things.

A Yes. That became more of a concern as more money became available and the operations larger in scale and more contras existing and being trained in tactics, et cetera. And on a number of occasions we were urged, the Secretary and I, to make very strong representations to the CIA that we wanted a larger role for ourselves and that we didn't have a lot of confidence or whatever.

Speaking for myself, I was not too -- I did not make those representations too strongly. I felt that it was important to retain the Agency in the first place and to support them, and that our people should figure out how best to do that without our making a lot of squawking about it.

Q When we met with you in April we asked you about --

A You know, they had a lot of reasons which maybe they are right and I'm wrong, but I have looked at some other Agency operations and I didn't see that they were that incompetent. [redacted]

By the way, they made similar representations about [redacted]

Q The military?

A The military. They wanted more involvement.

Q Mr. Secretary, on a different subject, when we met with you in April we asked you about the possibility of linkage between the provision of U.S. security assistance and contra support, and if I understood your statements to us at the time -- and correct me if this is an inaccurate restatement -- these matters are complex and that there are things that are related but that you were not aware of any instances in which we had provided security assistance as an inducement to or an after-the-fact reward for a country giving aid to the contras during a period when we could not do so; is that correct?

A Yes. That certainly is my experience of it, yes.

Q And I believe you said that in no instance you could think of did we provide anybody something that we otherwise would not have wanted them to have anyway; is that correct?

A Not only that. I don't even know of an instance where we suggested to somebody that we would do that as a future reward for doing something.

Q All right. With that discussion and those understandings as background, what can you tell us about the decision to provide [redacted] to the [redacted] government in connection with any support that they have given in the past or might give in the future to the contras?

A I don't believe we addressed it in that context.

Q We meaning the Department of Defense?

A Anybody that I'm aware of. I mean, that was the premise that we just went through.

Q Yes, sir. Let me have this marked as the next exhibit.

(The document referred to was marked Taft Exhibit Number 11 for identification.)

(Pause.)

It's an itinerary and some briefing papers.

(Pause.)

MR. GARRETT: Are the tabs attached, John?

MR. SAXON: No, and we did not receive them with the tabs attached. This is the entire document as we received it from the NSC.

MR. GARRETT: You never got the tabs?

MR. SAXON: No.

THE WITNESS: So these went down to [redacted]

[redacted] Are these the same trip or different trips?

BY MR. SAXON: (Resuming)

Q It should be the same trip.

A Funny. Originally he just seems to be going--

oh, wait a minute. There he is.

Q At some point the dates for the trip changed.

A Okay. Well, I've got it in a general way. Why don't we go to wherever you are most interested?

Q For the record, let me say what this is that we are looking at as Exhibit 11. The top is a memorandum from Colonel North to Admiral Poindexter dated December 10, 1985, in which Colonel North is proposing an itinerary for a trip to Central America by Admiral Poindexter, who is about to become or has just become the National Security Advisor. And there are additional memoranda pertaining to that same trip.

I would ask, Mr. Secretary, that you look at the page that bears the number N-31907 at the top and has the heading Current Situation and Objectives for [redacted]

A Yes.

Q In the first two paragraphs I'd like to read portions of it to give a flavor for what Colonel North indicates the objectives of these meetings are, and, by the way, the previous page indicates that for this itinerary he has had discussions with Ambassador Walker at State and General Galvin, the SOUTHCOM commander.

He states: "The purpose of the meeting in [redacted] is to reopen our logistics link through [redacted] for a variety of reasons. [redacted] [redacted] "has seen fit to terminate both arms and humanitarian assistance deliveries through [redacted] [redacted] The effect on the Nicaraguan resistance has been devastating."

In the next paragraph he says: "From previous meetings with [redacted] it is obvious that the [redacted] perceive that the USG" -- United States Government -- "is using [redacted] for its own political ends. They have learned that we withhold our assistance, [redacted] in order to force concessions from them. They are now using the same tactic with us as a means of ensuring that the USG will come through for them."

I realize that you probably have not seen any of these documents and you've only had a moment to quickly look at them, but from what Colonel North is telling Admiral Poindexter it seems clear that he is proposing that Admiral Poindexter make a trip to Central America to talk to [redacted] to get them to reopen the logistics link to aid the FDN, which from other testimony we know to be to aid the southern front efforts. And he's saying that they have learned that we are withholding our aid in order to get concessions from them in this context.

Let me simply ask you, Mr. Secretary, if this is something that you would agree with in terms of how we are using our security assistance programs vis-a-vis [redacted]

A No, I'm not aware of any instance in which we have done that around this period in relation to this area.

Q So to the extent that Colonel North says that they have learned that we withhold our assistance, e.g., [redacted]

A Congress does, but we don't. We're always in favor of sending things.

Q So you would disagree with any inference that one can draw here that we wanted [redacted] to aid the contras and that we're going to provide them any security assistance?

A What this says is that they think that we don't give them money or threaten not to give them money in order to get them to do things we want. I don't think that that's the case in the specific context that we are then talking here. I mean, it is certainly true that we don't give assistance to people whose objectives are not coincident with our own, but that's a fact. It's not an attempt to influence those policies.

Q Let me provide an additional exhibit that may address this more directly and give you a moment to look at Taft Deposition Exhibit 12.

(The document referred to was marked Taft Exhibit Number 12 for identification.)

(Pause.)

A Okay. I've pretty much got it.

Q Mr. Secretary, let me ask you to look first toward the back of this collection of materials and the memorandum of [redacted] and C-3748 is the page number.

A Um-hum.

Q It's dated 23 October 86,and [redacted]

[redacted]

Now from the context of this memorandum it's clear that this trip with Secretary Abrams [redacted] was to help sell the Administration's Central America program, and I believe I'm correct in saying that the context of aiding contras is what is being discussed when he talks about [redacted]llowing supplies to begin moving as scheduled. It seems to be that in exchange for that support [redacted] are wanting [redacted] and it says that DOD is working this problem.

Based just on that, and assuming that I'm correct in the representations I make, what's your understanding of what DOD was doing at the time and what DOD understood to be the situation regarding these planes?

A What we were doing was what we had been doing for some time, which was to try to provide [redacted] with an upgrade for their airplanes.

Q Their [redacted]

A Yes, they're slightly less than super, if you've seen them. And what we wanted to do and ever since I'd seen them personally in '84, I guess, it was obvious that they needed to be replaced.

Q Did we accelerate our efforts in trying to provide them with that upgrade after this trip?

A We may have been more successful in getting things done, but as far as I can recall -- and I was down there myself in '86, I think, also in [redacted] Central America in probably March --

Q March 6 of '86?

A Yes. And they were then and had been for some time wanting replacements, and we wanted them to have replacements. And the question was what the replacement would be, and they wanted as many replacements as soon as possible as they could get. And they always had. And we wanted them to have them.

So while I see that they may have been demanding this, the implication here in [redacted] memo is that they wouldn't do what he wanted them to do on the Nicaraguan program unless they got airplanes, [redacted] which they were then looking at. That didn't cause us the slightest problem at all. I mean, it's like demanding, throwing a tantrum and saying you won't stop unless I do something that I fully have every intention of doing and want to do.

Q Look down at the first item in this exhibit, which is the memorandum for record of Mr. Douglas George, who I take it was at a breakfast meeting of Director Casey and Secretary Weinberger and yourself on 24 October 86. And in the numbered item 21, as you can see, there are a few of the items that the Agency has deleted. It states: "Regarding Central America the DCI said that Secretary Abrams had reported that [redacted] were 'holding us up'. Secretary Taft said that it was the same old story, more, i.e., gear, [redacted] and faster, and the U.S. was doing exactly that."

I take it then your testimony is that we were simply providing them what we wanted to provide them anyway and that we were not allowing this security assistance -- we were not allowing ourselves to be dictated to in this regard just because we wanted [redacted] [redacted] to support our contra plan; is that correct?

A I think it's exactly what this fellow has written down here. The idea that they want more and faster is not new. It's what they've wanted for some time. It's an old story, as it says here, and we're doing that and we want to do that. And that's the same old story, too, that we wanted to do it.

So that's essentially what I just said, I guess.

Q All right. Mr. Secretary, the final area of inquiry from me -- and I would ask that this document be offered as Exhibit 13 -- is to ask you about that trip you just referenced [redacted] in March of '86. I'll give you a moment to look at this.

(The document referred to was marked Taft Exhibit Number 13 for identification.)

(Pause.)

A Okay.

Q All right. This exhibit is a cable from the American embassy in [redacted] to the Secretary of State on March 11, and, Mr. Secretary, it references the trip you had made on March 6 which you alluded to a moment ago, and I simply want to ask you if when you were there and met with these Nicaraguan resistance leaders who are named in numbered paragraph two, whether they raised with you the issue of the private supply operations and the support for the southern front, particularly in light of paragraph five, where it says that when they begin implementation of their infiltration into Nicaragua they would need a reliable aerial resupply system in order to keep those troops in-country and not have to continue to return to [redacted]

Was that a topic that came up?

A It says it was.

Q The private supply operation which we talked about previously either through the air strip [redacted] [redacted] in order to get lethal supplies to the southern front, is that something that was discussed in these sessions?

A Not how they were doing it. I think at the time -- what does it say here? I'm just trying to refresh my recollection of this thing.

Q It just says that the FDN leaders --

A When they are ready to go, when they get more people inside.

Q They are going to need a good, reliable aerial resupply system.

A And not continue the constant return trips to [redacted] for resupply, which I assume is walking. This is, I dare say, exactly what we discussed.

Q But the question is beyond the generic need for resupply assistance was there any express discussion about --

A How they were being supplied at the time?

Q There's testimony that the frequency of usage in the private supply network increased about this time and the question is whether they raised with you or discussed anything about the private supply network and whether the U.S. Government in any way could be of assistance to the use of that effort.

A I don't think so, no. I don't recall that. This was at a time, I think -- we were, I think, in the humanitarian business but not any other business.

Q The U.S. Government and State Department were in the humanitarian business.

A So we were not the people to come to about the military side of it, and we had a humanitarian program. We were trying to get into the military business for later on, but we hadn't succeeded, so they weren't going to get anything from us in that area, I guess.

MR. SAXON: Mr. Secretary, those are all the questions I have. I appreciate your bearing with me. Let me see what my colleagues have.

MR. SABA: I just have a few, sir.

EXAMINATION

BY MR. SABA:

Q Do you recall, sir, when you first discussed the Iran initiative with Assistant Secretary Armitage?

A It probably would have been sometime around the same time I discussed it with the Secretary, and since I am not very good on that I don't suppose I would be very good on the others -- around the turn of the year.

Q Presumably --

A It would not have been very long after having discussed it with the Secretary, simply because I see Mr. Armitage quite a bit and we tend to discuss things.

Q Now I will focus on the period of November '85, middle of the month, toward the end of the month, Thanksgiving as a point of memory, perhaps. Do you recall if he provided you with copies of any memos, legal papers or other papers he was having prepared for him in connection with a briefing for the Secretary in connection with the Secretary's attendance at a White House meeting on December 7?

A No.

Q Do you recall any discussion in preparation for that meeting?

A No. My recollection is that I got involved later than that. I may be wrong about that, and it could have been earlier, but if I was aware of the program earlier than that it wasn't in any -- it wasn't in a way where I was playing a major -- where I was discussing it a lot. I mean I deduce that because if I had been discussing it a lot I think I would remember it more.

Q Do you recall if in December he mentioned to you that he had one or more meetings with Oliver North about the initiative? The context in which we understand these meetings to have taken place is that the Secretary received some information reports that some American officials were engaged in discussions with Iranian officials in Europe concerning weapons and transfers and sales, and it was unclear, and the Secretary apparently had asked Secretary Armitage to see what he could find out.

Secretary Armitage in turn, among other things, had at least one or perhaps more meetings and conversations with Oliver North which took place very early in December, and he apparently reported the gist of those conversations back. Do you have any recollection of that, of his reporting on those conversations?

A No.

Q Do you remember if in the early January period -- we have that period where Noel Koch comes in and makes a report and so forth before the Finding, which was about the 17th -- before then do you recall any discussions with Secretary Armitage or any briefings or information that he may have provided about the project?

A Not specifically, no. There could have been, of course, but I don't recall any specific one.

Q Do you recall if he had been engaged, in particular if he had discussed with you or if you had heard that he was engaged in an activity seeking to determine how best to prevent leaks about the project -- that is, to keep it very tight or close-held?

MR. GARRETT: Who are you speaking about?

BY MR. SABA: (Resuming)

Q Secretary Armitage.

A No.

Q All of these questions at the moment have to do with Secretary Armitage. In late '86, when the matters were reviewed I believe you mentioned earlier this afternoon that Secretary Armitage was present in those discussions.

A Late '86?

Q Late '86.

A After?

Q After the disclosures. Do you recall what his participation was in those meetings?

A In what meetings?

Q In late '86, the meetings in which the events of earlier that year and perhaps of '85 were reviewed and discussed as to what had happened and chronologies were formed?

A I'm not even sure I was in a lot of those meetings.

Q That's all right. But do you recall if you were in meetings in which Secretary Armitage took part?

A Not too many. I guess, Larry, you were engaged in putting together some materials with Rich Armitage, and I think I instructed maybe a couple of times in the Secretary's absence that, and there were a lot of people investigating and we were providing, gathering up documents and providing them to different people. And I certainly on more than one occasion instructed everybody in the Department to coordinate with Larry Garrett and Rich Armitage [redacted]

Q

A For assuring that we were aware of all of the requests that were being made of us and being responsive to them in the proper fashion. I may have met with them, maybe, and probably did meet with them a couple of times, but not in any extensive way.

I think that mostly they prepared a paper, a chronology of it, which I saw, but I don't know that we really met about it a lot.

Q Do you recall any conversations with him?

A Not many. I don't remember any specific conversation. I certainly had conversations with him about this.

Q Do you recall any conversations in which it was indicated that one of the reasons it was so closely held in January of '86 was that to have treated it otherwise than in the normal course of procedures would have been to have revealed that the '85 transfers had taken place -- that is, one of the issues was the replenishment of the 508 TOWs that had been transferred in August and September of '86 and in fact those TOWs were replenished -- I'm sorry, TOWs that had been transferred in August and September of '85 were in fact replenished in May of '86?

Do you recall any such conversations?

A No. That would be a reason why the people on the NSC might have wanted it to be close hold, but it wouldn't have applied to us because we weren't aware of them, or I wasn't aware of them. I wasn't trying to conceal them from anybody; I didn't know they had happened.

MR. SABA: I have nothing further, sir. Thank you.

MR. GENZMAN: I have no questions. Thank you for your time.

MR. KREUZER: I have maybe just a couple, Mr.

Secretary.

EXAMINATION

BY MR. KREUZER:

Q Does the National Security Adviser have the authority to give a Cabinet Secretary an order?

A What he will do from time to time -- the short answer is no, unless the Cabinet officer wants to comply with it, in which case it's yes. But what typically happens or what does happen quite frequently is the National Security Advisor will sign a document and it will have the words on it, "for the President", and it will be the National Security Advisor's signature there instead of the President. So in that sense the President is the one who is directing.

Q So that would be at the time that he could say --

A The usual form, I really think -- and I don't know whether they do it invariably, but almost all of the directions that we receive that are signed by the National Security Advisor are "for the President", and those words are included.

Q Now could he give it verbally and say that this is for the President? Would it carry the same weight? If he said I'm giving you an order and this is for the President, then it would carry the same weight?

A Yeah. As I said, I think you have to understand that these are people who work with each other every day for years on end and if the Secretary disagrees with an instruction or direction or suggestion that he gets from the National Security Advisor, he knows exactly what he can do, and he has done it many, many times, and that is to say I want to take that issue to the President.

Now if he already knows that the President has addressed it and decided it, he wouldn't say that. He would just say, fine, I understand, or he might say could you take that back up to the President. I'd like to be sure. And the National Security Advisor would do that. Now you operate in this environment completely on confidence in each other that that's happening -- I mean that in fact people are telling you, if they say that the President is saying this, that indeed he is.

If he isn't or if you begin to feel that he isn't, you've got a lot of problems working in this environment.

Q What if a National Security Advisor asked a Cabinet Secretary to perform a certain task that both well know is covered by policy and that both well know is an appropriate request?

A An appropriate request?

Q An appropriate request, and he didn't say I'm speaking for the President. He just said I am requesting that you do this, and the Cabinet Secretary hears the request and says this is policy. So would he be likely to say well, that's fine, I'll do that?

MR. GARRETT: Roger, you mean Presidential policy?

THE WITNESS: I could give you an example. I can give you an example of a case that may be just in terms of the authority and what a Cabinet officer can do and what he does do.

In the Achille Lauro incident, for instance, the Secretary -- I was here and I was getting from the National Security Advisor or, actually the Deputy National Security Advisor, John Poindexter, because Bud McFarlane was off in New York or something, directions to intercept the airplane that afternoon. I got these directions and the first thing I did when I said thank you -- and this is very time sensitive; we had three hours or something to deal with this -- I tried to reach the Secretary to tell him I was getting these directions.

And I did things like -- I did things that would enable me to carry out the mission or that had to be done so that I would still be able to carry it out, but I did not give the instructions to carry out the mission, even though John Poindexter was telling me to. I never talked to the President about it, but I was confident that when John was telling me that the President wanted this done that we should be sure that we were in a position to do it if we possibly could be.

When it came time to actually launch -- I mean to actually execute the mission, I finally reached the Secretary and I told him that the President wanted this done and he said well, who is saying that. I said I've talked with John Poindexter. And he said are you sure that the President wants this done, and I said yes, I am sure.

And he said, well, I want to be even more sure and he called the President himself, and then he called me back and told me fine, go. So that's just an instance where he did not take this route, and that is open to him. That option is open to him and, as you can see from what I just told you, he uses it when he feels he wants to.

BY MR. KREUZER: (Resuming)

Q But we could say, then, that the National Security Advisor, if he says I would like you to do something and it's Presidential policy because he works for the President and that's part of his Administration, then that would be a proper thing that a Cabinet

Secretary would follow?

A If he wants to. If he disagrees with it -- I mean, the issue only arises when the Cabinet member does not want to do what somebody is telling him to do, other than the President. And if he doesn't, he is entirely capable of calling the President and asking him whether he wants him to do it, and that's his route. That's what he does.

Q This is my last part of the question. Would the National Security Advisor have the authority to issue a request to a Cabinet Secretary if he were plowing new ground on policy which had not been established with the President but which he estimated would be what the President would want to be done? Would it be likely? I mean, could he give an order based on an estimate of the situation that the President isn't there, can't answer the question or for some reason could he request that a Cabinet officer perform a duty that isn't covered by Presidential policy?

A I think the answer is a practical one. He can give such a direction. A Cabinet officer can follow it or he can give such a direction and then it happens, and that's the end of it. Or he can give such a direction and the Cabinet officer can say I don't want to do that. Then he can't give such an order. Or he can give it, but it won't happen.

You know, no one -- and this is not just here; I mean, this is true in HHS, the Chief of Staff of the White House, just the way you run things. If I give an order to somebody here, and I accept this, they can always ask the Secretary if that's what he wants them to do. They don't often do it, but they could, and if they did I wouldn't object. I mean, that's open to them.

MR. SAXON: Mr. Secretary, we know your time is at a premium and both Committees appreciate very much your giving us this much of your time and appreciate your testimony. It has been very helpful.

THE WITNESS: Okay. I hope so.

(Whereupon, at 6:50 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and Sworn to before me this ________ day of

______________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, Michal A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

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12 MAR 86

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Taft Deposition Ex.
#1

N 9897

Paul,

3/12/86

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J.

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Partially Declassified/Released on 30 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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Ex. 2
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UNCLASSIFIED

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

N 989

12 March 1986

MEMORANDUM FOR VICE ~~ADMIRAL~~ John POINDEXTER

The attached memorandum from the Director of the Army Staff is self-explanatory. It reflects the unease of the Army General Counsel's office over the transfer of items with which you are familiar. As you know, we have been handling this program on a very close hold basis, and the Army has been told nothing with respect to destination. Per guidance received from NSC, the Army has been told that they have no responsibility for Congressional notification. The Army has also been told that whatever notifications are to be made will be taken care of at the appropriate time by the appropriate agency and that the Attorney General has provided an opinion that supports this position.

The Secretary asked that I make you aware of the Army's concerns in the event you wish to advise the DCI or the Attorney General.

Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

3102a

[illegible] Released on 30 July 87
[illegible] provisions of E.O. 12356
[illegible] Security Council

UNCLASSIFIED

UNCLASSIFIED ~~TOP SECRET~~

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON, DC 20310

N 9900

DACS-SD

7 MAR 1986

MEMORANDUM FOR THE MILITARY ~~ASSISTANT~~ Colin TO THE SECRETARY OF DEFENSE

SUBJECT: Congressional Notification of Significant Intelligence Activities (U)

1. ~~(TS/NOFORN)~~ On 18 January 1986, the Army responded to a verbal tasking from your office to provide 1,000 TOW missiles to the Central Intelligence Agency with a contingency for 3,509 more at a later date. The first 1,000 missiles were delivered on 14 February 1986 to the CIA.

2. ~~(TS/NOFORN)~~ This request for support circumvented the normal [redacted] System for reasons of security, yet the support exceeded the $1 million threshold established in the FY86 Intelligence Authorization Bill for reporting to Congress as a "significant intelligence activity." Funds in excess of $3.5 million were provided by the CIA to reimburse the Army for the first 1,000 missiles. Billing and payment will occur within 60 days, or when all missiles are delivered, whichever is shorter. The Agency expects to complete the project within 60 days.

3. (~~TS~~/NOFORN) SECDEF memorandum of 13 June 1983, subject: DoD Support [redacted] (S), establishes responsibility for notification of Congress of DoD support to the Agency with the Deputy Under Secretary of Defense for Policy. It also confirms that primary responsibility resides with the Director, Central Intelligence. In the case of the TOW missiles, the Army understanding on responsibilities for notification conforms with your June 1983 memorandum.

4. ~~(TS/NOFORN)~~ This memo is to assure understanding of statutory requirements should this issue be raised by one of the Congressional intelligence committees in the future.

3102b

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

ARTHUR E. BROWN, JR.
Lieutenant General, GS
Director of the Army Staff

UNCLASSIFIED

[illegible]

CLASSIFIED BY: DASP
DECLASSIFY ON: OADR

~~TOP SECRET~~ NOFORN

[redacted]

UNCLASSIFIED

Galvin [illegible]
15JAN 86
0396

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Taft. Ex. #8

307

ACTION January 15, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

II 30632

SUBJECT: Meeting with General Jack Galvin, USSOUTCHOM

You are scheduled to meet with General Jack Galvin on Thursday, January 16 from 10:30-11:00 a.m. General Galvin has some specific recommendations on future plans for more effective support to the Democratic Resistance Forces (DRF) in Nicaragua. In this regard, Elliott Abrahms advised today that Senator Dole is drafting a bill which will provide overt military support for the DRF. He reportedly has Senators Lugar, Bumpers, and Boren as co-sponsors and Senator Sam Nunn is considering whether or not to "sign-on."

General Gorman was and is an active proponent of a greater role for the Special Forces in training/advising both the Salvadoran military the DRF. General Galvin shares this belief. Both remain convinced that the CIA lacks the military expertise necessary to adequately train and advise the DRF in an appropriate strategy or even the proper tactics. Their concern is not unfounded. To this date, the CIA has been unable to produce a coherent military strategy, the tactics to support such a strategy, or to adequately train the force to accomplish either. Admittedly, some of the problem is because of our "on again-off again" Congressional restrictions. But, no small part of the problem is a lack of expertise in the paramilitary side of the CIA operations direcorate.

Partially Declassified/Released on 29 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted]

Finally, General Galvin has asked that you agree to periodic (about once a month) meetings with you to discuss sensitive issues. You should be aware that General Galvin is cognizant of the activities underway in both Costa Rica and at [redacted] in support of the DRF. General Galvin is enthusiastic about both endeavors. I will be flying with General Galvin to Costa Rica after the meeting with a return Tuesday morning.

5730

RECOMMENDATION

That you review the points above prior to your meeting.

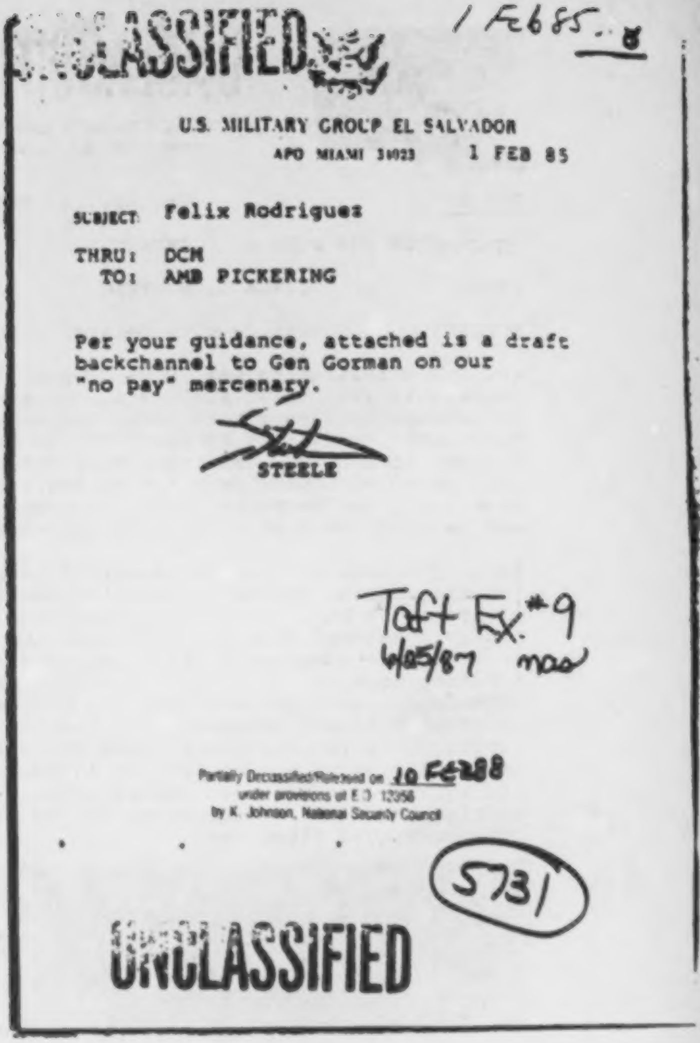
563

Approve ______ Disapprove ______

[redacted]

UNCLASSIFIED

N00F Box 27
4/1/8



UNCLASSIFIED

1 Feb85..8

U.S. MILITARY GROUP EL SALVADOR
APO MIAMI 34023 1 FEB 85

SUBJECT: Felix Rodriguez

THRU: DCM
TO: AMB PICKERING

Per your guidance, attached is a draft backchannel to Gen Gorman on our "no pay" mercenary.

STEELE

Taft Ex. #9
6/05/87 mao

Partially Declassified/Released on 10 Feb88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5731

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UNCLASSIFIED

14 Feb '85

(5) File for me S

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NIACT IMMEDIATED
FOR AMBASSADOR PICKERING AND COL. STEELE FROM GEN GORMAN
SUBJECT: FELIX RODRIGUEZ (U)

1. (C) I HAVE JUST MET HERE WITH FELIX RODRIGUEZ, [redacted] PENSIONER FROM MIAMI, BORN IN CUBA, A VETERAN OF GUERRILLA OPERATIONS [redacted] HE IS OPERATING AS A PRIVATE CITIZEN, BUT HIS ACQUAINTANCESHIP WITH THE VP IS REAL ENOUGH, GOING BACK TO LATTER'S DAYS AS DCI.

2. (C) RODRIGUEZ' PRIMARY COMMITMENT TO THE REGION IS IN [redacted] WHERE HE WANTS TO ASSIST THE FDN. I TOLD HIM THAT THE FDN DESERVED HIS PRIORITY. I ALSO TOLD HIM THAT YOUR WORK WITH THE PRAL WAS ADVANCING WELL, AND THAT WE HAD MADE PROGRESS WITH TRAINING OTHER PATROL FORCES. I WARNED HIM THAT WHATEVER HIS CONSULTING ROLE IN EL SAL AMOUNTED TO, HE COULD NOT BECOME VISIBLE TO THE PRESS IN ANY SENSE WITHOUT DAMAGING OUR CAUSE THERE. I ALSO CAUTIONED THAT EL SAL WAS A VERY MUCH MORE DELICATE ENVIRONMENT WITH RESPECT TO CIVIL-MILITARY RELATIONS AND RESPECT FOR HUMAN RIGHTS THAN ANY HE HAD OPERATED IN BEFORE.

3. (C) HE WILL WANT TO FLY WITH THE ESAF TO ESTABLISH HIS CREDIBILITY, BUT THAT BIT OF MACHISMO SEEMS TO ME BOTH UNNECESSARY AND UNWISE.

4. (C) MY JUDGMENT IS THAT HIS ADVICE WILL REINFORCE OURS, AND THAT WE SHOULD PUT NO OBSTACLES IN HIS WAY TO CONSULTING WITH BLANDON OR BUSTILLO UNLESS AND UNTIL WE GET COUNTERINDICATIONS. I RECOMMEND THAT JIM STEELE MEET WITH HIM. [redacted] AND AMBASSADOR MAY ALSO WANT TO INTERVIEW HIM, BUT OUR MAIN INTEREST IS, AS I SEE IT, TO INSURE WE KNOW WHAT HE IS TELLING BLANDON AND BUSTILLO VIA IN-BRIEF AND OUT-BRIEF.

5. (C) ASSUMING YOUR APPROVAL, I WILL SEND RODRIGUEZ TO [redacted] TOMORROW, 15 FEB, ON ONE OF MY C-12S. HE WILL ARRIVE AROUND [illegible] LOCAL. HE IS A LONG-TIME FRIEND OF LOU RODRIGUEZ AND, IF AVAILABLE, WOULD APPRECIATE IT IF LOU COULD BE HIS CONTACT POINT. I ANTICIPATE HE WILL WANT TO DEPART FOR MIAMI ON SATURDAY.

DECL: OADR
SSO NOTE: DELIVER IMMEDIATELY.
#0225

NNNN

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by S. Reger, National Security Council

UNCLASSIFIED

3180

Gorman

UNCLASSIFIED

D 23180

File for me
S

BACK CHANNEL

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

ACTION: STATE RCI, IMMEDIATE
USSOUTHCOM, IMMEDIATE

EYES ONLY FOR ARA MOTLEY AND JOHNSTONE; SOUTHCOM FOR GENERAL GORMAN FROM PICKERING

SUBJ: MEETING WITH FELIX RODRIGUEZ

1. I HAD A VALUABLE MEETING WITH FELIX RODRIGUEZ FEBRUARY 15.

2. HE HAS OUTLINED A TACTIC WHICH I BELIEVE HAS MERIT AND SHOULD BE TRIED OUT, VIZ:

[redacted]

OBVIOUSLY OTHER VARIATIONS ARE POSSIBLE, BUT WE WILL HAVE TO INTEGRATE [redacted] ISSUE AND HANDLE IT BETTER THAN EVER BEFORE IF IT IS TO WORK, SOMETHING I AGREE WITH ON ITS OWN.

3. RODRIGUEZ WILL RETURN IN 3-4 WEEKS TO WORK WITH BUSTILLO (FAS) AND STEELE. STEELE WILL MONITOR CLOSELY. RODRIGUEZ UNDERSTANDS MY GENERAL RULES -- NO CIVILIAN CASUALTIES AND HE IS NOT TO ACCOMPANY FAS ON COMBAT MISSIONS AND AGREES. WE WILL START

3055

UNCLASSIFIED

SLOWLY AND CAREFULLY TO SEE WHAT APPROACH CAN PRODUCE. HE WILL TAKE ON HIGHER PRIORITY [redacted] MISSION FIRST.

4. FOR ARA: PLEASE BRIEF DON GREGG IN VP'S OFFICE FOR ME.

— Exhibit [illegible]
Tu- 5/26/87
[illegible]

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NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

15 Dec 85
SYSTEM II
91229
Add-on

~~SECRET~~

December 10, 1985

Taft Ex.
#11
073

ACTION

N 31899

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Trip to the Central America Region

Attached at Tab I is a NSC Staff Travel Authorization Sheet for a proposed trip to the Central American region headed by VADM Poindexter on December 11-12, 1985.

Participants:
VADM John M. Poindexter
Asst Sec of State Elliott Abrams
Dep Asst Sec of State William Walker
Mr. [redacted]
LTCOL Oliver North
G. Philip Hughes

General Itinerary:

Depart	6:30 p.m., Wed, Dec 11	Andrews AFB
Arrive	11:00 p.m.	Howard AFB, Panama (Remain Overnight)
Depart	9:00 a.m., Thurs, Dec 12 (save one hour enroute - change of time zone)	Howard AFB, Panama
Arrive	9:00 a.m.	San Jose, Costa Rica
Depart	10:30 a.m.	San Jose, Costa Rica
Arrive	11:40 a.m.	Ilopongo AB, El Salvador
Depart	1:00 p.m.	Ilopongo AB, El Salvador
Arrive	1:30 p.m.	Palmerola AB, Honduras
Depart	3:30 p.m.	Palmerola AB, Honduras
Arrive	5:15 p.m. (gain one hour enroute - change of time zone)	La Aurora AB, Guatemala Cit
Depart	6:30 p.m.	La Aurora AB, Guatemala Cit
Arrive	12:00 midnight	Andrews AFB

NSC will defray expenses for North and Hughes' travel. Travel will by military aircraft. Trip has been verbally approved by Poindexte

RECOMMENDATION

3149

That you authorize Rick Benner to cut the appropriate travel orders for both North and Hughes.

Approve ______ Disapprove ______

OLAA-85-[illegible]
ADJ 4/14/1

Attachment
Tab I - NSC Staff Travel Authorization Sheet

cc: Phil Hughes

~~SECRET~~
Declassify: OADR

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under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

DATE: [illegible]

1. TRAVELER'S NAME: [illegible] North and G. Philip Hughes

2. PURPOSE(S), EVENT(S), DATE(S): To accompany VADM Poindexter on brief, low-profile trip to Central American region to confer with top ranking U.S. officials and to reinforce the continuity of U.S. policy in the region. (see cover memo for itinerary)

N 31900

3. ITINERARY (Please Attach Copy of Proposed Itinerary): see cover me-

DEPARTURE DATE Wed. Dec 11 RETURN DATE Thurs, Dec 12

TIME 6:30 p.m. TIME 12:00 midnight

4. MODE OF TRANSPORTATION:

GOV AIR XX COMMERCIAL AIR ___ POV ___ RAIL ___ OTHER ___

5. ESTIMATED EXPENSES:

TRANSPORTATION ___ PER DIEM XX OTHER ___ TOTAL TRIP COST ___

6. WHO PAYS EXPENSES: NSC XX . OTHER ___

7. IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A

8. WILL FAMILY MEMBER ACCOMPANY YOU: YES ___ NO XX

9. IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler, Describe Source and Arrangements): N/A

10. TRAVEL ADVANCE REQUESTED: $ 0.00

11. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):

12. TRAVELER'S SIGNATURE: Fawn Hall for

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
91229
~~Honduras~~
Central
America

December 2, 1985

~~SECRET~~

ACTION

N 319C1

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Trip to Panama and Honduras

Based on your guidance, arrangements have been made for you to meet with [redacted] (Dec 5). The itinerary and substance of your meetings have been discussed with State (DASS Bill Walker) and SOUTHCOM (General Galvin).

Attached at Tab I is a NSC Staff Travel Authorization Sheet for a proposed trip to Panama and Honduras on December 4-5, 1985.

Participants:
ADM John M. Poindexter
Mr. Richard Armitage
Mr. William Walker
Mr. [redacted]
LTCOL Oliver North
Mr. Raymond Burghardt

General Itinerary (details at Tabs III and IV):

Depart	2:30 p.m., Wed, Dec 4	Andrews AFB
Arrive	7:35 p.m.	Howard AFB, Panama (Remain Overnight)
Depart	9:00 a.m., Thurs, Dec 5	Howard AFB, Panama
Arrive	9:50 a.m.	Palmerola AB, Honduras
Depart	2:00 p.m., Thurs, Dec 5	Palmerola AB, Honduras
Arrive	7:10 p.m.	Andrews AFB

NSC will defray expenses for North and Burghardt's travel.

Attached at Tab II is a memo from you to Don Regan requesting a Special Air Mission (SAM) support for this trip.

Tabs III and IV provide an overview of the situation and the objectives we hope to achieve in Panama and Honduras, respectively. Detailed talking points for your use during the trip will be provided separately.

State (Walker), Defense (Armitage), CIA [redacted] and Ray not available
Burghardt concur.

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

SECRET UNCLASSIFIED

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N 31902

RECOMMENDATIONS

1. That you authorize Rick Benner to cut the appropriate travel orders for North and Burghardt.

Approve _____ Disapprove _____

2. That you initial and forward the memo at Tab II to Don Regan requesting SAM support for the trip.

Approve _____ Disapprove _____

3. That you review Tabs III and IV prior to the trip.

Approve _____ Disapprove _____

cc: Rick Benner (w/o Tabs II, III, and IV)

Attachments
Tab I - NSC Staff Travel Authorization Sheet
Tab II - Poindexter Memo to Regan
Tab III - Current Situation and our Objectives for Panama
Tab IV - Current Situation and our Objectives for Honduras

SECRET UNCLASSIFIED

SECRET

DATE: Dec 2, 1985

1. TRAVELER'S NAME: [illegible] North [illegible] urghardt

UNCLASSIFIED

2. PURPOSE(S), EVENT(S), DATE(S): For official meetings in Panama and Honduras December 4-5, 1985.

N 31905

3. ITINERARY (Please Attach Copy of Proposed Itinerary): see memo SYSTEM II 9122

DEPARTURE DATE Wed, Dec 4 RETURN DATE Thurs, Dec 5

TIME 2:30 p.m. TIME 7:10 p.m.

4. MODE OF TRANSPORTATION:

GOV AIR XX COMMERCIAL AIR __ POV __ RAIL __ OTHER __

5. ESTIMATED EXPENSES:

TRANSPORTATION __ PER DIEM XX OTHER __ TOTAL TRIP COST $252.00 ($126.00 per diem for or

6. WHO PAYS EXPENSES: NSC XX OTHER __

7. IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A

8. WILL FAMILY MEMBER ACCOMPANY YOU: YES __ NO XX

9. IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler, Describe Source and Arrangements): N/A

10. TRAVEL ADVANCE REQUESTED: $ 0.00

11. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):

12. TRAVELER'S SIGNATURE: Fawn Hall for

13. APPROVALS:

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UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

SYSTEM II
91229

~~CONFIDENTIAL~~

N 31904

MEMORANDUM FOR DONALD T. REGAN

FROM: JOHN M. POINDEXTER

SUBJECT: Special Air Mission (SAM) Support

It is requested that a SAM C-20 aircraft be provided for a proposed trip to Panama and Honduras on December 4-5, 1985. The purpose of the trip is to review the current situation in Central America with key government officials in these two countries. The itinerary for the trip is indicated below:

Proposed Itinerary:

Depart	2:30 p.m., Wed, Dec 4	Andrews AFB
Arrive	7:35 p.m.	Howard AFB, Panama (Remain Overnight)
Depart	9:00 a.m., Thurs, Dec 5	Howard AFB, Panama
Arrive	9:50 a.m.	Palmerola AB, Honduras
Depart	2:00 p.m., Thurs, Dec 5	Palmerola AB, Honduras
Arrive	7:10 p.m.	Andrews AFB

cc: The Honorable Richard P. Riley
Assistant to the President and
Director of Special Support Services

[illegible] Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

CONFIDENTIAL
Declassify: OADR

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CONFIDENTIAL

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N 31905

ONE page withdrawn

PRD 4/25/87

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N 31906

Based on discussions with Walker at State and General Galvin, the following detailed itineary has been proposed for Panama:

Wednesday, December 4, 1985:

1935: Arrive Howard AFB, Panama; proceed to USAF Hdqtrs

1940 - 2010: 30 minute briefing w/General Galvin at USAF Hdqtrs

2010 - 2030: Proceed via USSOUTHCOM auto to SOUTHCOM Hdqtrs [redacted] [redacted]

2030 - 2100: [redacted] attendees: Poindexter, Galvin, Walker

2115 - 2200: Recap briefing at CG, USSOUTHCOM residence w/U.S. team and General Galvin

2200 - morn: Poindexter RON at Qtrs 1 w/General Galvin; remainder of U.S. team RON at Casa Carribe

Thursday, December 5, 1985

0700 - 0730: Breakfast (Qtrs 1 and Casa Carribe)

0730 - 0745: Proceed to USSOUTHCOM Op Ctr

0745 - 0845: USSOUTHCOM regional security briefing

0845 -0900: Proceed to Howard AFB, Panama

0905 - 0950: Enroute to Honduras via C-20

Released on 30 July 87
[illegible] E.O. 12356
[illegible] Security Council

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~~SECRET~~ UNCLASSIFIED N 31907

CURRENT SITUATION/OBJECTIVES FOR HONDURAS

[redacted]

Thursday, December 5, 1985

0950:	Arrive Palmerola Air Base, Honduras (save one hour enroute -- 1 hour and 50 minute flight)
1000 - 1215:	Discussions with [redacted] attendees: Poindexter, U.S. team, and Amb Ferch
1215 - 1315:	Working lunch at CTF Bravo (U.S. military exercise hdqtrs)
1315 - 1400:	Options: A - [redacted] B - Country team briefing by AmEmb Tegucigalpa
1400 - 1910:	Enroute from Palmerola Air Base to Andrews AFB

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Partially Declassified/Released on 30 July 1987
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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
91229

N 31908

Central America

December 10, 1985

~~SECRET~~

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Cable to Posts Advising of Your Trip to the Central America Region

The cable attached at Tab I has been coordinated directly with Elliott Abrams, Amb John Ferch, and General Galvin. Please note once we arrive in Panama aboard C-20 we will be using General Galvin's C-9 in-theater. This will allow sufficient rest for your aircrew and provide more space for traveling team in-theater. Paul Thompson has coordinated aircraft support and exchange of aircraft.

RECOMMENDATION

That you authorize dispatch of the cable at Tab I (Op Immed via [redacted] channel).

Approve _____ Disapprove _____

Attachment
Tab I - Poindexter Cable to Central American Posts

cc: Paul Thompson
Philip Hughes

Partially Declassified/Released on 30 July 87
under provisions of E.O. 12356
by B. Reger, National Security Council

~~SECRET~~
Declassify: OADR

UNCLASSIFIED

UNCLASSIFIED

~~SECRET~~

FM: WHITE HOUSE

N 31909

TO: AM EMB PANAMA CITY, PANAMA
AM EMB SAN JOSE, COSTA RICA
AM EMB SAN SALVADOR, EL SALVADOR
AM EMB TEGUCIGALPA, HONDURAS
AM EMB GUATEMALA CITY, GUATEMALA
USCINCSO, QUARRY HTS, PANAMA

INFO: SEC STATE, WASH, D.C.
SEC DEF, WASH, D.C.
DIR. CIA, WASH, D.C.
CHMN. JCS, WASH, D.C.

SECRET //EYES ONLY

SUBJ: VISIT TO CENTRAL AMERICA BY ASST. TO PRESIDENT FOR NATIONAL SECURITY AFFAIRS, DESIG. JOHN M. POINDEXTER (C)

1. SECRET--ENTIRE TEXT.

2. THE PRESIDENT HAS ASKED THE NEW NATIONAL SECURITY ADVISOR, VADM JOHN M. POINDEXTER, TO MAKE A HASTY, LOW-PROFILE TRIP TO CENTRAL AMERICA TO CONFER WITH TOP RANKING U.S. OFFICIALS AND TO REINFORCE THE CONTINUITY OF U.S. POLICY IN THE REGION. IN EACH

UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED

LOCATION THE NATIONAL SECURITY ADVISOR WOULD LIKE TO MEET WITH THE U.S. AMBASSADOR, [redacted] AND SENIOR U.S. MILITARY REPRESENTATIVES. INVITATION OF CINC U.S. SOUTHERN COMMAND, GENERAL GALVIN, FOR USE OF HIS AIRCRAFT IN-THEATER IS GRATEFULLY ACCEPTED. WASHINGTON BASED C-20 WILL PROCEED TO GUATEMALA TO RENDEZVOUS WITH WASHINGTON PARTY.

N 31910

3. PURPOSE OF THE TRIP IS TO MEET WITH U.S. OFFICIALS NOT REPEAT NOT WITH HOST GOVERNMENTS. PLEASE EMPHASIZE WITH HOST GOVERNMENTS THAT NATIONAL SECURITY ADVISOR INTENDS THAT THIS BRIEF, INFORMAL FAMILIARIZATION TRIP WILL BE FOLLOWED AT A FUTURE DATE BY A LONGER VISIT WHICH WILL ALLOW MEETINGS WITH REGIONAL HEADS OF STATE AND ADDITIONAL HOST GOVERNMENT OFFICIALS. AMBASSADORS SHOULD STRESS THAT THIS SECOND VISIT WILL PROBABLY OCCUR AFTER INSTALLATION/INAUGURATION OF NEWLY ELECTED PRESIDENTS IN COSTA RICA, HONDURAS, AND GUATEMALA.

4. WASHINGTON PARTY WILL ARRIVE VIA SAM C-20 AND CONSIST OF:
VADM JOHN POINDEXTER, DESIG. NATIONAL SECURITY ADVISOR TO PRES
ASST SEC OF STATE ELLIOTT ABRAMS
DEP ASST SEC OF STATE WILLIAM WALKER
MR. [redacted]
LTCOL OLIVER NORTH, NSC STAFF
G. PHILIP HUGHES, NSC STAFF
CDR PAUL THOMPSON, MIL ASST TO NATIONAL SECURITY ADVISOR
2 WHCA COMMUNICATORS

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~~SECRET~~ ~~SECRET~~ UNCLASSIFIED

N 31911

5. NATIONAL SECURITY ADVISOR WOULD LIKE TO BRIEFLY VISIT HOST NATION AND U.S. MILITARY UNITS IN THE REGION AND INFORMALLY MEET WITH CERTAIN KEY OFFICIALS INVOLVED IN AIDING THE IMPLEMENTATION OF U.S. POLICY IN THE REGION AS INDICATED BELOW. WASHINGTON PARTY WILL BE INFORMALLY ATTIRED SINCE MOST STOPS WILL OCCUR AT MILITARY INSTALLATIONS. ITINERARY IS PLANNED AS FOLLOWS:

WEDNESDAY, DECEMBER 11, 1985

1830 DEPART ANDREWS AFB

2300 ARRIVE HOWARD AFB PANAMA
(RON QTRS 1 U.S. CINCSO, GEN GALVIN)

THURSDAY, DECEMBER 12, 1985

0730 BREAKFAST AT QTRS 1

0800 DEPART FOR VIP LOUNGE, HOWARD AFB

0830-0900 WD LIKE TO MEET PRIVATELY IN VIP LOUNGE AT HOWARD AFB [redacted] AMB BRIGGS, GEN GALVIN, ASST SEC ABRAMS IF AT ALL POSSIBLE.

0900 WHEELS UP FOR SAN JOSE, COSTA RICA
(SAVE ONE HOUR ENROUTE - CHANGE OF TIME ZONE)

0900-1030 WD PREFER MTG AT CARIARI HOTEL OR AIRPORT W/AMB TAMBS, [redacted] GEN GALVIN, AND REMAINDER OF U.S. TEAM FOLLOWED BY

~~SECRET~~ UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED

N 31912

THURSDAY, DECEMBER 12, 1985 (CONT'D...)

1030 WHEELS UP FOR ILOPONGO AB EL SALVAADOR

1140-1300 MTG AT ILOPONGO W/AMB ED CORR, GEN GALVIN, COL STEELE, AND MILGP CHIEF, AND [redacted] WD LIKE TO MEET BRIEFLY W/DEF MIN VIDES AND GEN BLANDON AND BRIEFLY INSPECT AIR FORCE/COUNTER-INSURGENCY ASSETS. BRIEF RE CURRENT OPERATIONS AND DISCUSSION OF COUNTER-TERRORISM PROGRAM WD BE HELPFUL.

1300 WHEELS UP FOR PALMEROLA AB HONDURAS

1330-1530 MTG AT PALMEROLA W/AMB JOHN FERCH, [redacted] GEN GALVIN AT CTF BRAVO. WD ALSO LIKE TO HAVE OPPORTUNITY FOR PRIVATE REPEAT PRIVATE MTG [redacted]

1530 WHEELS UP FOR LA AURORA AB GUATEMALA CITY (GAIN ONE HOUR - CHANGE OF TIME ZONE)

1715-1820 MTG AT LA AURORA AB GUATEMALA CITY W/AMB PIEDRA, GEN GALVIN, [redacted] POLCONS, AND REMAINDER OF U.S. TEAM; WD LIKE TO MEET BRIEFLY [redacted] DISCUSSION OF COUNTER-TERRORISM PROGRAM WD ALSO BE HELPFUL.

1830 WHEELS UP FOR ANDREWS AFB

2400 ARRIVE ANDREWS AFB

UNCLASSIFIED

~~SECRET~~ SECRET UNCLASSIFIED N 31913

6. WASHINGTON PARTY REQUESTS ASSISTANCE RE VISAS AND CUSTOMS CLEARANCE IN THAT TIME HAS NOT PERMITTED NORMAL VISA PROCESSING. REGARDS, POINDEXTER.

~~SECRET~~ UNCLASSIFIED SECRET

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UNCLASSIFIED

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Partially Declassified/Released on 1-4-88
under provisions of E.O. 12356
by N. Menan, National Security Council

4133

UNCLASSIFIED

AJG

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO IRAN

AND THE NICARAGUAN OPPOSITION

- - -

WEDNESDAY, JUNE 10, 1987

- - -

United States Senate

Washington, D.C.

Deposition of:

JACK TADASHI TASHIRO

was taken, pursuant to notice, commencing at 2:00 o'clock, p.m., before Albert J. Gasdor, Notary Public in and for the District of Columbia, in Room 901 Hart Senate Office Building, Washington, D.C.

APPEARANCE:

On behalf of the Select Committee:

JOHN A. SAXON, ESQ.
Associate Counsel

- - -

Partially Declassified/Released on 1-4-88
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

INDEX

Wednesday, June 10, 1987

Washington, D.C.

DEPONENT	DIRECT
JACK TADASHI TASHIRO	3 - 48

EXHIBITS

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P-R-O-C-E-E-D-I-N-G-S

Whereupon,

JACK TADASHI TASHIRO

was called as a witness and, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SAXON:

Q. Please state your name for the record.

A. Jack Tadashi Tashiro.

Q. Mr. Tashiro, what is the nature of your employment?

A. I am one of the two owners and partners of VATEC.

Q. With whom are you in partnership at VATEC?

A. With Francis Schroeder.

Q. Spell Schroeder, please.

A. S-c-h-r-o-e-d-e-r.

Q. VATEC is V-A-T-E-C?

A. That is correct.

Q. What is the address of VATEC?

A. 122 Lafayette Avenue in Laurel, Maryland.

Q. Your phone number, sir?

A. 953-0057.

Q. How long have you been an owner and partner of VATEC?

A. Since 1983, January or February of 1983.

Q. Is that when the firm was created?

A. No, the firm was created in January, 1982, but nothing happened until February of 1983.

Q. What is the nature of the business in which VATEC is involved?

A. VATEC is a security organization. We install burglar alarms, smoke detectors in residences. We also do card access systems, and perimeter protection for the government and for commercial buildings.

Q. Who are some of your government clients, which agencies?

A. Voice of America, Naval Research Lab, a couple of small jobs for the State Department. That is about it.

Q. Mr. Tashiro, did there come a time in early 1986 when VATEC had occasion to do some work at an address in Great Falls, Virginia of 703 Kent Kentland Drive?

A. Yes.

Q. I believe that is the home of Lieutenant Colonel Oliver North; is that correct, sir?

A. That is correct.

Q. Did you know at the time that that was the home of an Oliver North?

A. When we first started no, we did not until one of the installers went to the address to survey that place. Until then, we did not know it was for Lt. Col. North.

Q. But you did know it was for Colonel North at some point?

A. Yes, we did.

Q. And at no time was there any attempt to conceal that from you?

A. No, there was not.

Q. What was the date of the first discussion with anyone at VATEC about doing some work at that address?

A. That I don't have any specific dates because Glenn Robinette is the one who called us, and we had known him for so long and he had called us about so many jobs before that, we really didn't make a note of it.

Q. If you would, sir, tell us your relationship with Mr. Robinette, which might predate this particular job.

A. Glenn Robinette and I [redacted] were acquainted.

Q. You said he had occasion to use VATEC in the past?

A. Yes.

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Q. Prior to this job?

A. Yes.

Q. Within a rough timeframe, when did anything start happening in terms of the actual work?

A. For Mr. North?

Q. For Mr. North, yes.

A. March or April of 1986.

Q. Is that the date installation was begun or was this preceded by some estimates and measurements, et cetera?

A. It was preceded by an installer going out to the residence, looking it over and VATEC preparing an estimate in a proposal for Glenn Robinette.

Q. Tell us if you would what your understanding was about what you were supposed to do at the residence. How was it put to you that you should go there and do something?

A. We were told that there was an individual who worked for the government who was on the hit list of the terrorists and that they were getting threatening phone calls, and they were getting threats in the mailbox; that the individual's wife was distraught and the children were upset so, therefore, could we come up and very quickly come up with an estimate so that they could either find out who was putting the notes in the mailbox

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and also putting a burgular alarm and lighting system in the house so that the wife would feel much more secure.

Q. Who told you this, Mr. Robinette?

A. Mr. Robinette, yes

Q. Did he tell that to you personally or to your partner or to someone else?

A. To me and to one of our engineers, Mr. Jim Moore.

Q. Jim M-o-o-r-e?

A. That is right.

Q. So what happened then? Someone went out to the residence to look at it?

A. One of our installers, William Keller went out there, surveyed the place, came back and Jim Moore wrote a proposal.

Q. What did Mr. Moore propose be done? What kind of system or systems were recommended?

A. A burgular alarm system in the house, a lighting system around the residence. Then a TV camera aimed at the mailbox with some flood lights, if they were trying to find out who was putting these notes in the mailbox, and later a request to put an alarm in his vehicle.

Q. This proposal was worked up you say by Mr. Moore?

A. Yes.

Q. And it was presented to Mr. Robinette?

A. Yes, orally.

Q. Was there a price-tag on what I will call the total system?

A. Yes.

Q. What was that price-tag if you recall?

A. The reason I am hesitating, the price that was accepted -- they changed their mind about putting a camera out there and a gate system, so our price-tag ended up at $11,000-some such.

Q. Are you able at all to recall the earlier price, $15,000, $20,000, somewhere in between?

A. It is in our work-up sheets that have the prices broken down by the various systems. I can look it up for you.

Q. Mr. Tashiro, I have in front of me some of the worksheets and documents which you have provided us.

Let me ask that you mark as Tashiro Deposition Exhibit 1 something that is handwritten and bears the title of invoice, made out to Mr. Glenn Robinette, his address, [redacted] re: Kentland Drive property. So this would be the invoice you actually provided to Mr. Robinette for the North residence; is that correct, sir?

privacy

[Tashiro Exhibit No. 1 marked for identifiction.]

A. No, this is our draft copy and then there should be an official invoice.

Q. But it reflects the same data?

A. Identical.

Q. This working invoice or draft invoice shows that you provided an alarm system and car alarm which with materials and labor came to $7,567; is that correct sir?

A. That is correct.

Q. You also provided electrical work which with materials and labor came to $4,136; is that correct?

A. That is correct.

Q. So the total for the entire project of what you actually provided at the North residence was $11,703?

A. That is correct.

Q. You were paid this full amount ultimately?

A. Ultimately, yes.

Q. We will get into that in a moment.

You indicated that you also worked up estimates on some additional work. I have in front of me then the pricing sheets they are called that VATEC worked up on the Kentland Drive residence.

The first one I asked be marked deposition Exhibit 2 is the pricing sheet for it says type of work residential protection, and this reflects the figure of $7,567. This was one of the worksheets for the work actually provided; is that correct?

[Tashiro Exhibit No. 2 marked
for identification.]

A. That is correct.

Q. I would ask that deposition Exhibit 3 be marked and that is a worksheet that reflects under type of work CCTV for the residence, and this is closed-circuit television?

[Tashiro Exhibit No. 3 marked
for identification.]

A. Correct.

Q. This was to be provided to focus on the North mailbox because I believe you told us they had been receiving some threatening mail; is that correct, sir?

A. That is correct.

Q. This is something Mr. Robinette asked you to price for them?

A. That is correct.

Q. And the worksheet price shows the total job for the closed-circuit TV would be $3,682; is that correct?

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A. That is correct.

Q. This you did not provide ultimately; is that right?

A. That is correct.

Q. I would ask you to look then at your final pricing sheet which I would ask be marked deposition Exhibit 4 which under type of work has two items priced out. One is the automatic gate opener which for the total job would be $9,753 is that correct?

[Tashiro Exhibit No. 4 marked
for identification.]

A. That is correct.

Q. And the second item is an intercom which the total job would be $1,180. Is that correct?

A. That is correct.

Q. I believe it is correct, is it not, that neither of these was actually provided to the North residence by VATEC?

A. That is correct.

Q. If we add all of these up in order to arrive at the estimate figure for all of the work that you worked up and priced out, if you add the $11,703 for what was actually done to the $14,615 of the work not done by VATEC, we get a figure of $26,318?

A. That is correct.

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Q. Let me go back to how it came that you did some of this work and not some of the other.

When the pricing was done and the estimate was worked up, was that communicated to Mr. Robinette?

A. That is right.

Q. Was it communicated orally or in writing?

A. Orally.

Q. Was he ever shown these worksheets?

A. He was not.

Q. What happened when you told him here is the total package and here is the price-tag?

A. He said please start on the alarm and the lights because that would seem to be the highest priority requirement. Then, as we were doing that, and we got the electricians to pull the electrical cable and the conduit from the house to the front gate, they decided against the camera, and our discussions revolved around the possibility that if the items were being put in the mailbox in the evening or at night, then we would need to have a light go on so the camera could get a picture of the vehicle or license plate; and if a person was putting an item in the mailbox and all of a sudden the lights came on, obviously, he would look for the camera and either throw rocks or do something to destroy the camera. Therefore, I believe that was the reason they decided not to go with the camera.

Q. How was it communicated to you that you should hold off on certain of these items or that they did not want them installed?

A. By telephone. He said to hold off on the others.

Q. He is Mr. Robinette?

A. Mr. Robinette. I have never talked to Mr. North. None of us from VATEC has ever talked to Mr. North.

Q. Exactly when was the installation started, do you recall?

A. I believe in April of 1986.

Q. Do you know exactly when it was finally completed?

A. In May of 1986, I believe.

Q. If you would then summarize briefly exactly what systems and features were installed.

A. Since the home was already completed and so that we would not drill holes in the walls or the wall paper, we decided to go with a burgular alarm system which was by RF rather than by hardware.

Q. RF is what?

A. Radio frequency transmitters. Therefore, we put in an Alert 2 which is our basic wireless burgular alarm system.

Then we also put up lights around the house to come on and then we put in smoke detectors and all of this is to be tied to a central station so that should a forced entry be made or should a fire occur while they are away from there, then the central station with get the alarm and call the police or fire station depending on what the problem was.

Q. The Norths or whoever was in residence?

A. If they were gone and if a burglar attempted to come in, then the alarm signal would be sent to our central monitoring station which is manned 24 hours a day.

Q. So a central station external to the residence?

A. Right.

Q. Did Mr. Robinette suggest any of these particular items to be installed, or was that something he left to you people?

A. That was left entirely up to us.

Q. Let~~s~~ me go back and ask you precisely about your dealings with Mr. Robinette.

You indicated that you had dealt with him on a number of previous jobs so it is difficult to date precisely when you got the first call about this job; is

that correct?

A. Yes, but it was not too much before the start of the work because they said it was so urgent.

Q. So it would have been late March, early April?

A. Yes.

Q. And did you ever talk to Mr. Robinette yourself about this job?

A. Yes, I have.

Q. Do you have any idea how many times you spoke with him about the North residence job?

A. Personally, maybe ten times.

Q. When did you first find out that it was the residence of Oliver North? Was that when the installer went out there and said this is the home of a Mr. Oliver North?

A. Yes.

Q. When Mr. Robinette asked you to do this, did he give you the name of Oliver North?

A. No, he did not.

Q. But he did say it was an employee of the government?

A. Yes.

Q. Did he say where in the government--the White House, the National Security Council?

A. That, I really don't remember.

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Q. And he linked the need for this equipment to security concerns for the resident, Mr. North?

A. Yes, that he was also on the hit list of the terrorists and, at that time, terrorism was such a key issue with the U.S. It seemed very logical that he may have been on the hit list.

Q. Did he mention the name of Abu Nidal?

A. No.

Q. Did he mention that this person was on the National Security Council staff?

A. I don't recall hearing that.

Q. At that point or at any other time, did he ever mention the name of General Richard Secord?

A. No, he did not.

Q. Did he tell you why he, Robinette, was handling this for the person whom you later found out was Colonel North?

A. Glenn's business has always been as a middleman and he has handled situations like this before, so I was really not that surprised. He is a one-man businessman and he makes his living being a middleman, in between man, so this is pretty much his pattern.

MR. SAXON: Let's go off the record a second.

[Discussion off the record.]

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BY MR. SAXON:

Q. Mr. Tashiro, we concluded from the invoice you provided that the total amount of this bill was $11,703 for the work done. Were you fully paid for that work?

A. Yes, we were.

Q. Did Mr. Robinette pay you?

A. Yes, he did.

Q. Did he tell you why he would be handling the payment for this work?

A. No, he did not.

Q. I believe you said he did not specify certain items to go into this job?

A. I know he did not.

Q. You knew his background [redacted] from having dealt with him in your capacity at VATEC?

A. Yes.

Q. Was there any haggling over the price or did he simply say this portion of the estimate I want, this part I don't, and then he willingly paid the price for the work he took?

A. No, we had no haggling on the alarm system. That is the part we did. There was no problem with that.

Then when we got to the camera, I believe I explained that they thought that that would not be an effective way to do it.

Third, on the gate opener, unbeknownst to us, we had all pulled a wire and everything to the gate and then he had contracted with somebody else, and I really didn't know he had done that. He did not tell us they got somebody else until they had a problem. They they asked us to correct the problem. We suddenly found that he had used our cabling to hook up the gate opener and that company had really done a sloppy job, and rain had seeped into the control box underground and that is why they had all those problems.

Q. What was the date for that?

A. I have an invoice in there billing them for the labor. We guarantee everything for a year but since it was not something we had done, we billed them for repairing that problem with the gate opener.

[Tashiro Exhibit No. 5 & 5-A marked for identification.]

Q. I want to show you what I have asked to be marked as deposition Exhibit 5 which is your invoice number 425 dated September 2, 1986. It indicates under description that this was a service call on 8-27-86 to repair a GFI circuit for gate operator not part of VATEC warranty and it is shipped to the Oliver North residence, Kentland Drive, Great Falls, Virginia. Is this the repair to which you just made reference?

A. Yes.

Q. And the amount for this repair was $140; is that correct?

A. That is correct.

Q. You billed that amount because it was not covered by the warranty?

A. That is correct.

Q. It says sold to Glenn Robinette. Does that mean you billed Mr. Robinette?

A. That means we billed Mr. Robinette and we were paid by Mr. Robinette.

Q. We will come back to the payment issue further a little later.

When Mr. Robinette asked you to do this work for this particular residence of a government official whom you later learned was Colonel North, did he indicate at any time that he expected to be reimbursed by anyone when he paid you for this work?

A. He didn't indicate that but I assumed he was handling this for his party, obviously for some kind of commission.

Q. That would have been the pattern he used as a middleman in previous dealings?

A. That is correct.

Q. But you did not know who that party might have been, did you?

A. Not at that time.

Q. Do you know now know who that party was?

A. Yes, Colonel North.

Q. Do you know for a fact who reimbursed Mr. Robinette?

A. No, I have no idea who paid him or how much he was paid for the amount that we got paid.

Q. Did he explain his relationship to Colonel North at any time?

A. Not in detail. The impression we got was that this individual who he was helping was on the road an awful lot and his wife was very distraught so he was the middleman arranging for the security for their home, and that since he was a middleman, he would do the billing to him and he would handle the entire financial transaction as far as VATEC is concerned.

Q. Did Mr. Robinette ever indicate that he had done any other jobs for or anything else for Colonel North?

A. Not that I know of.

Q. Did he ever indicate that he had done any work for Richard Secord?

A. No.

Q. Did he ever indicate that he had done any work for Mr. Thomas G. Clines?

A. Not necessarily work for but they had worked together on many, many business ventures. So I am not really sure what I can answer. I do know that they did a lot of work together.

Q. You know Mr. Clines yourself?

A. Yes.

Q. From your days at the agency?

A. Yes, I do.

Q. Have you ever done any work for Mr. Clines since you have been at VATEC?

A. No, I have not.

Q. Have you ever done any work for Mr. Robinette for Albert Hakim?

A. No, I have not, or not to the best of my knowledge.

Q. Have you ever done any work directly with VATEC for Mr. Hakim?

A. No, I have not.

Q. Let me ask you some questions about how you were paid.

Deposition Exhibit 1 which is the draft invoice reflects the total price of $11,703 and shows down payment received of $6,000. Is that correct, sir?

A. That is correct.

Q. Do I take that to mean that Mr. Robinette paid you at some point before completion of the work $6,000?

A. He paid us the down payment before we started.

Q. How did he make that payment to you? Was that in cash or check?

A. I got two payments, one for $5,700 and one for $6,000 and one was a check and one was cash.

Q. The $6,000 was the check?

A. I believe so, but I am not positive, but it is in our records.

Q. Mr. Tashiro, we were just talking about the down payment of $6,000. You indicated that one of the amounts, the down payment, the other amount being the final payment, one was in cash and one was by check. Do you recall which you think was which?

A. To the best of my memory, I think the $6,000 was a check and the remainder of $5,703 was by cash.

Q. Let me show you and have marked as the next deposition Exhibit 6 a deposit slip for VATEC -- I believe that is what we are looking at -- dated May 20, 1986 which shows a deposit of $6,000 with the handwritten name of Robinette beside it. Would that reflect the payment by Mr. Robinette for the down payment?

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A. Yes, it would.

[Tashiro Exhibit No. 6 & 7 marked for identification.]

Q. Likewise in Exhibit 7, it shows from Citizens National Bank of Laurel, Maryland that on May 20, 1986 a deposit was actually made and this is the receipt for that deposit of $6,000. That would appear to correspond with the deposit slip made out by VATEC; is that correct, sir?

A. That is correct.

Q. Your best recollection is that Mr. Robinette paid you the down payment by check. You wouldn't recall on whom the check was drawn, would you, what bank or what individual?

A. No, I do not.

Q. When ~~when~~ the work was completed, did you then send Mr. Robinette a final bill?

A. Yes, I did. Yes, I sent him an invoice.

[Tashiro Exhibit No. 8 marked for identification.]

Q. Mr. Tashiro, look if you would at deposition Exhibit 8 which is an invoice from VATEC to Mr. Glenn Robinette. The date, I believe, is 6-20-86; is that correct?

A. That is correct.

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Q. Under "shipped to" it says Kentland Drive properties so this is the residence of Colonel North?

A. Yes, that is right.

Q. It reflects the alarm system and the electrical work, the total price of $11,703; is that correct?

A. That is correct.

Q. Less down payment. Our copy is a bit faint but that says $6,000; is that correct?

A. That is correct.

Q. Total due $5,703?

A. That is correct.

Q. So this is the final bill that you submitted to Mr. Robinette?

A. For the work that we did, yes.

Q. Up above it on the same copy it is stamped payment received 7-10-86 and some initials. So that means that this was finally paid?

A. Yes.

Q. Tell us about that final payment.

A. The final payment was received by me at the Sakura restaurant. We were having lunch together and he said, "I have the money for you to pay the rest of the invoice."

Q. This is in Silver Spring, Maryland?

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A. Yes.

Q. You sent the bill to Mr. Robinette. What happened? Did he give you a phone call?

A. Yes, saying that he's got the money. He's ready. He said or I said, "Let's have lunch," so we decided to have some lunch.

Q. He gave you the payment at that time. In what form did he give you the payment?

A. That was in cash.

Q. Did he give you an envelope?

A. Yes, he did.

Q. Was it sealed?

A. Yes, to the best of my knowledge.

Q. Did you count the money?

A. No, I did not.

Q. You trusted him?

A. Yes, I did.

A. Did you count it when you got back to the office?

A. Yes. I gave it to the secretary so she could make a deposit.

Q. And, in fact, it was $5,703?

A. That is correct.

Q. Would you recall the date when that took place?

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A. That was July 10, I believe.

Q. Why would you say that, because that is the date you wrote payment received on the invoice?

A. That is right.

Q. Was there anything at all unusual about being paid in that manner?

A. No, not too surprising, knowing Glenn Robinette.

Q. Did most of your other clients pay in cash?

A. No, they do not.

Q. Had you ever had occasion in dealing with Mr. Robinette to have him pay in cash?

A. No, I have not.

Q. Did he make any comments at that time about why he was paying in cash?

A. No, he did not.

Q. Is there anything else you recall from that luncheon discussion which we should know?

A. Nothing particular about Mr. North's residence that I can recall.

Q. I believe I have asked you this before with regard to the whole job but in terms of the cash payment at the restaurant for the balance due, did Mr. Robinette ever make any statement indicating he would seek repayment or be reimbursed by anyone?

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A. No, he did not, but I just assumed that he would be paid by the owner.

Q. Do you have any knowledge of whether he was ever paid by anyone?

A. For this particular job, I do not.

Q. I take it then you would have no knowledge as to whether he would have been paid by Colonel North himself?

A. No, I do not know.

Q. Let me ask you a few questions about the house itself. I believe you told us earlier that no one from VATEC ever had any dealings with Colonel North himself; is that correct?

A. To the best of my knowledge, no.

Q. Did anyone have any dealings with Mrs. North?

A. Yes.

Q. How many times would you say that took place?

A. Each time they went to work on the place, we had to make sure somebody was there to let us in and usually it was Mrs. North, and I believe one or two times it was a sister or a daughter. I am not really sure, since I have never been there.

Q. Would you have a guess or an estimate of how many times someone from VATEC went to the North residence?

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A. Close to ten times, I would believe.

Q. Are you able to recall anything that any of your employees may have told you about what Mrs. North said to them?

A. Yes. I believe the feeling was that she was totally disorganized. That was not a very well kept house. In fact, the men hated to work in the basement because there were dog droppings and everything in the basement and it was terrible. She was distraught, upset and very glad that we were putting in the alarm system to give her some peace of mind.

Q. Was there anything unusual about the residence in terms of electronic communications devices, safes, classified documents, anything that would say this was the home of someone who worked at the National Security Council?

A. Since I have never been there, I have no first-hand knowledge but the installers did not report anything about safes, special communications equipment or classified material.

Q. For the record, sir, is it your sense that the work done by VATEC was quality work?

A. Yes, I do.

Q. And that the price that you charged for that work was a fair price?

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A. Yes, it is.

Q. Was there ever any discussion with Mr. Robinette that this house might be used as a showcase to be shown by him to prospective clients of his?

A. No, it was not.

Q. Was there ever any discussion that Mrs. North or anyone else at the residence had with employees of VATEC that this house would be used as a showcase?

A. Not to the best of my knowledge.

Q. Did VATEC or any of its employees ever suggest to anyone that this house could be used as a showcase to indicate how work could be done?

A. No, not to the best of my knowledge. I certainly wouldn't after listening to how the house was kept and the kind of work we did there. We did not finish the job, to start with, and if we had done the whole job on the outside--no, we wouldn't because there was no fence there. It was a wooden fence. To protect that property the way it was was kind of ludicrous. To conceal a camera in the trees or some such to catch somebody putting something in there is not the way to go about it. If I were going to do it, I would do it a totally different way so we would not use that as a showcase.

Q. If I understand your testimony, by no means

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would you consider this as a model security system to show someone?

A. No, I would not.

Q. Sir, I believe from the records you have provided us it indicates on a periodic basis some service was provided to the equipment that was installed; is that correct, sir?

A. I believe it was just that once, and then the rest of the invoices are for the semi-annual charges for the central station monitoring services.

Q. Let me ask you about the servicing of this system, Mr. Tashiro. You have already testified that on one occasion there was a service call that was needed to be made to repair the circuit for the gate operation; is that correct, sir?

A. That is correct.

Q. That was for $140, and I believe when we looked at Exhibit 5, we found that while you put shipped to Oliver North residence, Kentland Drive, that it said sold to Mr. Glenn Robinette; is that correct, sir?

A. Yes, that is correct. The "shipped to" indicates where the work took place, not that the invoice was shipped there.

Q. Is it your recollection that this amount of $140 was paid for by Mr. Robinette?

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A. I believe so.

Q. If you look at Exhibit 6, you see a deposit slip by VATEC dated September 24, 1986. The total amount is $493, and to the margin you have written what each of these amounts were for three separate entries and then there is one for Robinette $140?

A. That is correct.

Q. To the best of your recollection, would that refresh Mr. Robinette's payment for the service call on August 27th?

A. That is correct.

Q. Thank you.

I believe you just stated that twice a year there was a billing that went to Mr. Robinette, at least initially for the 24-hour hook up into the central monitoring station; is that correct.

A. That is correct.

Q. What was the monthly charge for that?

A. The central charge for the central station monitoring service is $15 per month.

Q. And is billed semi-annually for a total of $90; is that correct?

A. Yes, that is correct.

[Tashiro Exhibit No. 9 marked for identification.]

Q. Let me show you some exhibits which you have provided us. Exhibit No. 9 is an invoice under the date of May 27, 1986 and the sold to is Glenn Robinette; is that correct, sir?

A. That is correct.

Q. It states the 24 hour central station monitoring and it gives the period and it lists $15 under price and then per month and the total amount of $90; is that correct, sir?

A. That is correct.

[Tashiro Exhibit No. 10 marked
for identification.]

Q. I believe if you will look at deposition Exhibit 10, it is an identical copy of that invoice to Mr. Robinette and someone has written the date 6-3-86. Can you tell us what that means?

A. That should be the date that we received a check from Mr. Robinette.

Q. That would indicate then payment by Mr. Robinette for that six-month service charge on this system?

A. That is correct.

[Tashiro Exhibit No. 11 marked
for identification.]

Q. If you woul[illegible] at Exhibit 11, which is

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substantially similar if not identical to the previous exhibits and it bears the date of December 17, 1986 for the North residence at Great Falls, and it is billed to Mr. Robinette; is that correct, sir?

A. That is correct.

Q. This is for the semi-annual charge for roughly the last half of 1986 in the amount of $90 per six-month period; is that correct?

A. That is correct.

[Tashiro Exhibit No. 12 marked
for identification.]

Q. Exhibit No. 12 is an identical copy of Exhibit 11, that same invoice, but someone has drawn an X over the name of Robinette and written in someone's handwriting, "Send to Oliver North." What can you tell us about that notation?

A. The invoice was sent to Glenn Robinette and normally he pays short of the net 30 and when we didn't get paid, the secretary routinely calls the people who don't pay to see what happened. In January, we were told that we should bill Mr. North directly rather than to bill Mr. Robinette.

Q. You were told that by whom?

A. By Glenn Robinette.

Q. Did he say why?

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A. No, he did not. He said he was not handling the case anymore.

Q. That was in December of 1986 or January of 1987?

A. I believe that would be January, 1987.

Q. He did not give any reason why that change in payment was necessitated?

A. By then the Oliver North case was in the press and we assumed that he tried to distance himself from his relationship with Mr. North as far as security or funding was concerned.

[Tashiro Exhibit No. 13 marked
for identification.]

Q. Let me show you Exhibit 13 which likewise is a bill for the second half of 1986, the semi-annual charge for the hookup to the central monitoring station and it says, "Ship to same" and the "sold to" bears the name of Mr. Oliver North with the Kentland Drive address; is that correct?

A. That is correct.

Q. This is dated January 7, 1987 and that would evidence if I understand your testimony correctly, in essence you sent the same invoice to Colonel North this time rather than Robinette?

A. That is correct.

[Tashiro Exhibit No. 14 marked for identification.]

Q. Exhibit 14 is an identical copy of Exhibit 13, that being the invoice to Colonel North dated January 7, 1987 except it has a handwritten notation that says "Pd" which I would assume means paid 2-25-87; is that correct, sir?

A. That is correct.

Q. That would evidence that payment had been received from Colonel North; is that correct?

A. That is correct.

Q. To the best of your knowledge, sir, have there been other occasions other than the one time when there was a foul-up in the electrical system because of the improper installation, I guess, from Automatic Door Specialist and then the semi-annual billing, were there any other instances in which the system at the North residence was serviced?

A. Not to the best of my knowledge.

Q. You told us that the first time you spoke with Mr. Robinette about this job he did not give or use the name of Colonel Oliver North and that when your installer, Mr. William Keller, went out to the residence for the first time, he discovered it was the residence of someone named North?

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A. That is correct.

Q. You also told us that you talked to Mr. Robinette about ten times; is that correct?

A. About the North case, yes.

Q. During those conversation, did you ever mention the name of Colonel North or did he ever mention the name of Colonel North?

A. He may have, but I certainly don't recall any specifics.

Q. How was this property or job referenced?

A. As the North residence, Great Falls.

Q. But when Mr. Robinette would call you up and say, "How are we doing on that? How is the schedule coming?" et cetera, what manner did he use to describe the job?

A. That was the only job we were doing for Mr. Robinette at the time so it would be the North residence and I believe he would use the term Great Falls.

Q. But he would not say North residence but the Great Falls job?

A. The Great Falls job.

Q. When Mr. Robinette would call VATEC, I believe you told us from time to time he would talk to Mr. Moore. What would that be about?

A. Mr. Moore would be the technical man. He

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would be talking about the specific proposal, what are you going to put in, what will it encompass particularly since we didn't give him a written proposal, he would have to get the information from Jim Moore on what we were going to install.

Q. Were there occasions when Mr. Robinette would talk to Mr. Keller?

A. Yes, there would be.

Q. What would be the nature of those discussions?

A. With Mr. Keller, particularly about the -- trouble they had with the gate opener when Keller had to go out to repair to the problem, he would check with Keller to see what was done and whether it was working properly.

Q. When he talked with you, I believe you told me those discussions would be about price and about scheduling is that correct?

A. That is correct.

Q. What was Mr. Robinette's concern in terms of scheduling?

A. He thought because of the urgency of the situation where the principal was on travel status much of the time and his wife was so upset and concerned because of the threats that he felt that we should give it the highest priority to get the job done.

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Q. On the items which you costed out but which Mr. Robinette did not take from you, did he ever indicate that anyone had vetoed those items, Colonel North or anyone else?

A. No, he didn't. I assumed that he had vetoed them.

Q. Sir, did you ever have occasion to ask Mr. Robinette who was going to reimburse him for this job?

A. No, I did not ask him.

Q. You never asked him is Colonel North going to pay you back?

A. No, I just assumed that but I did not ask him.

Q. You never asked whether any other individual would be paying him back?

A. I did not ask him, no.

Q. I think those are basically all of the questions I have other than to ask you for the record with whom you have spoken about this case.

I believe you were contacted by Judge Walsh's office, Judge Walsh being the independent counsel; is that correct, sir?

A. That is correct.

Q. Have you spoken with anyone in his office about this matter?

A. Yes, I have.

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Q. You were interviewed by an attorney on his staff?

A. Yes, I was.

Q. And you have provided the originals of all your documents to that attorney?

A. That is right.

Q. Have you testified before a grand jury in this matter?

A. No, I have not.

Q. Other than with the attorney in Judge Walsh's office and with the Senate Committee this afternoon, have you spoken with anyone else about this matter, with a government investiating authority?

A. No, I have not.

Q. Have you spoken to any one in the press?

A. No, I have not.

Q. After the matters involving Colonel North became public and the so-called Iran-contra affair became public, did you ever have occasion to hear from Colonel North?

A. No, I have not.

Q. Have you ever had occasion to hear from Richard Secord?

A. No, I have not.

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Q. Did you have any occasion to hear from Mr.

Robinette other than to tell you to send the bills in the future to Colonel North himself?

A. Yes, I have.

Q. You have heard from Mr. Robinette?

A. Yes, I have.

Q. What was the nature of any discussion with him?

A. When I saw Mr. Robinette and told him that I was going to be appearing before the Walsh Committee, he said, "Jack, all you have to do is tell the truth and there will be no problems." I said, "Fine. That is what I was going to do anyway," so that is really what happened.

Q. That is the only other time you have spoken to Mr. Robinette about these matters?

A. Yes.

Q. Finally, Mr. Tashiro, I would like to walk you through for identification purposes some of the exhibits which we will make a part of this deposition which were the documents you brought with you.

[Tashiro Exhibit No. 15 marked for identification.]

Q. Deposition Exhibit 15 is a photocopy of, I believe, nine different deposits slips from VATEC into your bank. If you will note the deposit slip dated

2-27-87, it shows a deposit for roughly $3300 and it is broken down into four different sub items, one of which says "North $90."

We have already identified in Exhibit 14 that you sent an invoice to Colonel North for the $90 charge for the semi-annual hookup to the central monitoring station, and that invoice shows that on 2-25-87 he made payment in the amount of $90. It would look like then two days later that was deposited; is that correct?

A. That is correct.

Q. I would like to go back to Exhibit 5 which which was the invoice to Mr. Robinette for the $140 for the service call to repair the circuit for the gate opener, and we identified that as Exhibit 5. I would like to show you Exhibit 5-A which is simply a photocopy of that invoice and it has handwritten on it 9-23-86. Can you tell us what that means?

A. That should be the date we received his check for that amount.

Q. From Mr. Robinette in the amount of $140?

A. That is correct.

[Tashiro Exhibit No. 16 marked
for identification.]

Q. I would like to show you now Exhibit No. 16 which bears the heading "Proposal, Hager Electric

Service, Inc.," and it shows electrical work in great detail with itemized amounts and has the final total sum of $3,187. What does this represent, sir?

A. That represents the electrical company digging a trench from the house to the front gate, putting in conduit and the electrical wiring to the front gate.

Q. Where was this work done?

A. At the North residence.

[Tashiro Exhibit No. 17 marked
for identification.]

Q. Then Exhibit 17 appears to be a computer-generated statement from Hager Electric which shows amount due of $3,187. Is that correct, sir?

A. That is correct.

[Tashiro Exhibit No. 18 marked
for identifiction.]

Q. Exhibit 18 is an additional statement from Hager Electric bearing that amount and stamped "Past Due"; is that correct?

A. That is correct.

Q. You told us, I believe, there was a little bit of a disagreement with them over this?

A. That is right.

Q. What can you tell us about that?

A. We weren't particularly pleased with the work.

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They were supposed to dig the trench a certain depth because of frost problems and water problems and some of the places they didn't. They explained they ran into lots of rocks and stones out in that area and that is probably true in Great Falls. Therefore, we had a little disagreement but we agreed to pay the whole thing.

[Tashiro Exhibit No. 19 marked for identification.]

Q. I will show you Exhibit 19 which records a particular check number and I believe this would show that VATEC does pay its bills and, in fact, you paid Hager Electric $3,178; is that correct, sir?

A. That is correct.

[Tashiro Exhibit No. 20 marked for identification.]

Q. I show you Exhibit No. 20 which is VATEC Incorporated with the subscriber of Oliver North, 703 Kentland Drive. This is with Computerized Central Station Services, Inc.; is that correct?

A. That is correct.

Q. That is a firm in Annandale, Virginia that does what?

A. They maintain a central monitoring station service.

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Q. For a number of alarm systems that would be tied into it; is that correct?

A. That is correct.

Q. This is the central system into which the North residence security system was tied?

A. That is correct.

Q. Under item 5, it says, "After reporting to the authorities, call the following parties until reaching one of them," and it lists four names; is that right, sir?

A. That is correct.

Q. The first name is Mr. Oliver North and it has his home number; is that right, sir?

A. I am not sure whose number that is but that is correct.

Q. It has a number for Colonel North?

A. Yes.

Q. The individual listed number 3 is Mr. Glenn Robinette; is that correct?

A. That is correct.

Q. As you understand this document, that means if there were something triggered by the alarm system, an attempted break-in, smoke detected, whatever that that would be fed to the central station and they would attempt to contact one of these individuals?

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A. That is correct.

[Tashiro Exhibit No. 21 marked for identification.]

Q. I would like to show you Exhibit 21 which is a letter to Mr. Glenn Robinette at his [redacted] address dated July 10, 1986 and it is on the letterhead of VATEC Inc. signed by Jim Moore, Vice President of VATEC. Are you familiar with this letter, sir?

Privacy

A. Yes, I am.

Q. In summary, what does it say?

A. It explains to Mr. Robinette the services that we provided to the North residence in terms of the security system, why we did it, how it works, and the other items that we provided such as lights, auto alarm, and so on.

[Tashiro Exhibit No. 22 marked for identification.]

Q. Finally, sir, the final Exhibit is number 22. It has a handwritten date--in fact, it is all handwritten--of 6-19-86 and has the name Jack at the top. Tell us if you would who Jack is?

A. That Jack is myself.

Q. What does this represent?

A. This is Jim Moore who is the operations man sending me a note saying now we can bill Mr. Robinette

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for the remainder of the service and it lists our price, our part of it, the electrical work and what the invoice should be.

Q. And it shows the total invoice of $11,703; is that correct?

A. That is correct.

Q. It reflects down payment of $6,000?

A. That is correct.

Q. And it shows the final amount due of $5,703?

A. That is correct.

Q. At the top it says sends bill to whom?

A. Glenn Robinette.

Q. Thank you, sir. You have been very helpful to the Committee, Mr. Tashiro. Is there anything else you can think of with regard to the work that your company did for the North residence at the request of Glenn Robinette that the committee should know about?

A. The only comment, I believe, is that when we did hear the name North, it really didn't mean anything because, at that time, there was no publicity. We had no idea who he was and, normally, when we do jobs, we like to put the name of the owner and we often do jobs with the middleman in between so the whole process was not too remote from some of the things that occur on other jobs.

Q. With the possible exception of being paid in a restaurant with an envelope of cash?

A. The restaurant is because we occasionally have lunch together. That was not strange either. Instead of him sending the money over or my going over to his house to pick it up, if we met at the restaurant and had lunch, that would be a convenient place for him to give me the money, and that was the first time he tried that restaurant and he really liked that food, so it was a good lunch.

Q. Is there anything else you should we should know, sir, that I is not thought to ask you?

A. I suppose if I were to do this over again, after all this publicity, we just wouldn't touch the job. Even after we knew of Colonel North, that did not mean anything to us because there are lots of military people that we do work for.

Q. Let me state for the record, so far as we know, there is no reason to believe that you or VATEC did anything that is in any way improper or out of the ordinary ~~from you.~~ for you. You were simply performing a job at a particular residence and happened to be using a middleman.

A. That is correct.

Q. If there is nothing further that you can think of, I have nothing further and I want to thank you for your time and for your cooperation in providing so much documentation. Thank you, sir.

A. You're welcome.

[The deposition was concluded at 4:05 p.m.]

CERTIFICATE OF NOTARY PUBLIC/COURT REPORTER

I, Albert J. Gasdor, the officer before whom the foregoing proceedings were taken, do hereby certify that the deponent was duly sworn by me; that the testimony was stenographically recorded by me and, thereafter, reduced to typewritten form by computer-assisted transcription under my direction and supervision; and that the foregoing transcript is a true and accurate record of the testimony given.

I further certify that I am neither counsel for, related to, nor employed by any of the parties to this proceeding, nor financially or otherwise interested in the outcome of this litigation.

Albert J. Gasdor.

Albert J. Gasdor

Notary Public in and for
the District of Columbia

My Commission expires:
July 31, 1990

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HSITS-4

Deposition of Howard Teicher

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Thursday, March 12, 1987

The deposition was convened, pursuant to notice, at 9:35 a.m., in Room 1605 Longworth House Office Building.

Partially Declassified/Released on 22DEC87
under provisions of E.O. 12356
by [redacted], National Security Council
K. JOHNSON

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MR. EGGLESTON: We will go on the record. Please swear the witness.

Whereupon,

HOWARD TEICHER

was called as a witness for the Select Committee, and, having been duly sworn by the Notary Public, was examined and testified as follows:

MR. EGGLESTON: Off the record, please.

(Discussion off the record.)

MR. EGGLESTON: My name is Neil Eggleston. I am Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. Also participating in this deposition is George Van Cleve, Chief Minority Counsel to the House Select Committee.

Let me say at the introduction that this is a classified deposition, that Mr. Teicher will be testifying about various events that are classified. I would caution anyone who reads this deposition to be particularly careful about names and other things that might be revealed in the deposition.

Mr. Bennett, is there something you would like to say for the record?

MR. BENNETT: Yes. Just a couple of points I want to bring to the attention of the committee through its representatives today.

Mr. Teicher has testified before both the Senate

Intelligence Committee as well as the Tower Commission and has made an effort to be as complete and as candid in his testimony as possible. There are one or two obstacles I want to bring to your attention today.

When events were most fresh in his mind, prior to being -- retaining counsel -- which was the result of essentially being advised that he could not be represented by government counsel -- Mr. Teicher was interviewed for two-and-a-half hours by the Federal Bureau of Investigation and stated fully to them what he understood the situation to be.

As soon as we were retained, we made an effort to get his FBI 302 because it was the freshest recollection of what occurred. We have been refused that document by both the White House and by the Justice Department and the FBI. It has been pursued right up to the Assistant Attorney General level, so I would just want you to know we have not had access to that document, would like access to it, because events are very -- were more fresh at that time and also we don't know whether they reported what he said accurately or not.

The second point, which is even of greater concern to me -- and this really has nothing to do with your committee, I just feel I have to make this for the record.

MR. EGGLESTON: Sure.

MR. BENNETT: I intend to be very quiet throughout this. But is is important to us.

When Mr. Teicher retained us, it was very evident to me that the matters about which he would be asked about were exceptionally sensitive; and I suggested that it was essential that my partner, Carl Rauh, and myself have the appropriate clearances before we could even discuss with Mr. Teicher what the facts were and, therefore, advise him about what he should do re requests of the Senate Intelligence Committee, and the House committees, to interview him.

To my absolute chagrin, that met with some initial resistance, but the Justice Department was in full agreement with us. I don't want to make more of this than it is. So we went before the committee and insisted on those clearances. We pointed out to the committee it was very easy to get us those clearances because both Mr. Rauh and myself at that moment had active top secret clearances of a compartmentalized nature in other matters that were very sensitive.

Finally, we got a continuance for that and in a matter of days, we got our clearances. Further, out of respect for the security and sensitivity aspects of all of this, we kept our original lawyers' notes as well as copies of documents which Mr. Teicher was given by both the White House, pursuant to the President's directive to cooperate, and a Ms. Rieger. They were kept in files at the National Security Council outside of Howard's office, marked "Attorney

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Client Work Product Materials."

Mr. Teicher advised them, and with the commission and Mr. Carlucci, was going to remain until March, I believe, the end of March and then was leaving.

Very abruptly, on February 27, I believe was the date, without any notice, but the day or day after the Tower Commission report, Mr. Teicher was advised it had and was told he would have to leave his office immediately that day.

Mr. Teicher called me and expressed, obviously, concern about that unfair treatment; but more importantly for our purposes, he wanted to know what would happen with our attorney-client work product notes or materials. It was important to us because with all the newspaper publicity, and everybody talking about everything, and us all reading it, it was important that we knew what we knew of our own knowledge and not what has been merged.

We were assured those materials would be available to us and that given their nature they should be left in the National Security Council, which was agreeable to me. We were told that it had to be in a safe facility and that was the best way to have it done.

I personally spoke with Mr. Paul Stevens as did Mr. Teicher, and was assured that these materials would be readily available to us.

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Mr. Eggleston, as soon as I spoke with you about coming here today and I notified my client, Mr. Teicher, Mr. Teicher and I requested those materials, and to date we have not got them.

Yesterday, I -- Mr. Stevens has not returned my calls -- one call. A Mr. Rawl, in his office called me yesterday and told me I would have to submit a written request. I said that that was ridiculous, that we were testifying here today, we needed those materials to refresh his recollection, to be prepared for today, that these were not their original materials, they were copies, attorney-client material; and I submitted a letter to him which I want to give to you and which I would ask be placed a part of this record.

Mr. Eggleston. Certainly.

(Letter Proffered.)

Mr. Bennett. With that, I just want to make the point that Howard is going to do his absolute best to answer your questions with great care and caution and completeness, but we clearly have been prejudiced by our inability to get our own materials. I have nothing else to add.

Mr. Eggleston. The first thing, let me do, is have this marked HT-1.

Mr. Bennett. Incidently, we have not received a response to that, and I said to Mr. [redacted] Rawl yesterday that I would give him this letter, but I said I have got to see those materials because we are testifying today and we would have been prepared to review them last night.

(Whereupon, the document referred to was marked for identification as HT-1)

Mr. Eggleston. Just a few questions and only questions in response to that.

Do you recall how long or approximately when the date of your interview was with the FBI?

The Witness. It would be on my calendar which I no longer have access to regrettably. I would like to point out when I submitted my letter of resignation to Mr. Carlucci in mid-December, which we may have a copy of here, I specifically asked to be allowed to stay on the staff until the end of March so that I could cooperate fully and maintain access to files and documents and calendars.

He had agreed -- we had an agreement. I was never given an explanation as to why they decided to break their agreement, but as you can well imagine, any document that one used or prepared while a member of the staff is considered a Presidential paper, so I couldn't even take my calendars with me.

Mr. Bennett. Excuse me. I have the date. I asked you for the date.

The Witness. I was trying to say why I don't have it.

Mr. Bennett. By letter dated December 15, we wrote Peter Wallison, counsel to the President, and we asked that in order to help him prepare for full presentation to the Senate, it is extremely important that Mr. Teicher and us be provided a copy of the FBI report memorializing Mr. Teicher's December 1st, 1986 statement to the FBI.

Mr. Eggleston. Of course.

BY MR. EGGLESTON:

Q That recently comports with your recollection?

A Yes, it does. I wouldn't have been able to say more than early December, late November.

Q Do you know how long that interview was?

A Approximately two and a half hours.

Q In just a moment, I am going to get into your sort of background in a very brief fashion. What is your current employment status?

A I am a full-time consultant at the NSC, without an office at the NSC. I am seeking further employment outside of the government.

Q So although you were terminated in late Feburary, you are still on the payroll, if you will, as a full-time consultant?

A I am not sure how I would characterize what was done to me, except to say that I was abruptly and without warning advised that the NSC was no longer going to honor its agreement to allow me to maintain an office, a secretary, and access to my materials as of the close of business February 27. This was basically told to me in

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non-negotiable terms.

Q Who was it who told you that?

A Grant Green, the executive secretary in the presence of Paul Stevens. They made clear that I would continue to be paid through the end of March, per our earlier agreement,"and they believed that," that is all that should have mattered to me anyway. Which is not the case, but nonetheless, what seems to have mattered to them.

They had, while I signed out, and my badge was taken, my clearances are still active and they chose not to outbrief me on my security clearances. So I don't really know what the proper nomenclature is for my status at this point.

Q But at least you are being paid until the end of March?

A That is correct.

Q Thank you.

Let me just sort of get rolling on -- as I said, I would like to start with a little background so I can place you in a context.

How old are you?

A Thirty-two.

Q Could you give us your date of birth?

A May 9, 1954.

Q Where were you born?

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A Boston, Massachusetts.

Q Could you tell me a little bit about your educational background?

A When I was about three years old, my father was transferred to St. Louis. I maneuvered through the St. Louis County public schools, graduated from high school in 1972. I was an undergraduate at Boston University where I received my B.A. in Political Science, with a minor in Economics. I was Suma Cum Laude, Phi Beta Kappa and received the political science award.

Q What year did you graduate from college?

A 1976. I was on the sailing team for four years, sort of a fairly normal undergraduate experience in Boston.

Q Any post graduate work?

A I then moved to Washington, D.C., where I attended graduate school at the Johns Hopkins School of Advanced International Studies, participated in a two-year masters program. I received my M.A. in International Relations in 1978.

Q In 1978, did you then become employed?

A Actually, my employment with the government began in July of 1977. I was brought on to the State Department as a non-paid summer intern, received a course credit during that first summer. I worked in the Bureau of Political Military Affairs on the Middle East and Tactical Nuclear

Weapons Issues.

At the end of the summer, they asked me if I could continue to work for them, because they didn't have a Middle East person in the office I worked in.

Q Who was your supervisor?

A David Gompert was my first immediate supervisor at PM. Leslie ~~[illegible]~~ Gelb was the director of the bureau at the time. I told them there was nothing I would like more than to continue working at the State Department, but I needed to get paid.

Mr. Bennett. Slow down a little bit. He has got to take it.

The Witness. I am sorry. Please tell me if I go too fast.

They suggested if I knew how to type and could pass the clerk typist examine, that they were sure that they could continue to employ me on the same types of substantive work, but pay me at the clerk typist rate. Because there was otherwise no part-time substantive employment at the State -- I proceeded to take this examine and passed it and was employed for the full second year of my graduate studies on a part-time basis in the State Department.

That continued through November, 1978, when I became a member of the staff of the Office of the Secretary of Defense in the International Security Affairs Division, working on Middle East affairs as a policy analyst, GS-9.

BY MR. EGGLESTON:

Q What was your supervisor then?

A The Deputy Assistant Secretary of Defense I worked for was Robert Murray. My immediate supervisor was Nancy Burg.

Q How long were you there?

A I worked in ISA through, I believe it was July of 1981, at which time I moved back to the State Department, became the staff assistant to the counselor of the State Department who was then Robert McFarlane.

Q And how long did you remain with -- in that position?

A In, I believe, early January 1982, McFarlane was appointed the Deputy NSC Advisor,and at that time he asked me to join him on staff at the National Security Council.

On March 29, of 1982, I officially became a member of the National Security Council staff.

Q What kinds of work were you doing when you were working with Mr. McFarlane at the State Department?

A I did a variety of things for McFarlane. As the staff assistant, I would arrive at work at least a half hour before him and assure that all materials that came in over night were available for him to look at in a priority fashion; that he was properly staffed for the day in terms of briefing materials and talking points; that the newspapers were there. In the course of the day, I would participate in some meetings with him as a note taker; other meetings, as a substantive person. When he traveled, he took me with him as a note taker and staff assistant. I don't know what you would call it. A horse holder, carry his briefcase, although he liked to carry his own briefcase. We took several secret trips together and several public trips together.

Q During the period of time you were with the Office of the Secretary of Defense, did you know Paul Thompson?

A No, I did not.

Q When you were with McFarlane in the State Department, did you know Michael Ledeen?

A I met Mr. Ledeen when I came onto the State Department the second time.

Q What was his job at the State Department when you were there?

A As I understood it, he was a Special Assistant to the Secretary of State Haig.

Q Let me now direct your attention to the period of time that you were at the NSC. I think you indicated that started around March. You have me a precise date. My best recollection is something like March 29, 1982?

A That is correct.

Q What job did you have when you first arrived at NSC?

A I was a junior member of the Middel East Directorate.

Q Who was the director?

A The senior member was Dr. Jeffrey Kemp, and Dr. Raymond Tanter.

Q Who else was in the directorate?

A A man named Doug Feith, who was basically leaving as I came on. We didn't really work together at all. He was asked to leave when Judge Clark came on board.

Q How long did you remain in that position?

A I remained in the Middle East office through, I believe it was May 25th or 26th, 1986.

Q Did your position there change during that period of time, between March of 1982 and May of 1986?

A In January or February of 1986, the then senior director for the Middle East, Mr. James Covey departed the NSC staff to become our Deputy Chief of Mission Inquiry. I was to become the Acting Senior Director of the Middle East group until his successor, Mr. Dennis Ross, came on board in late May of 1986.

At that time I was to become the Senior Director for Political and Military Affairs on the NSC staff.

Q So it was in May of -- May 25 of 1986 that you

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became the Director of---

A Only to the extent that that was the day that Dennis Ross became the official Senior Director for Middle East Division.

Q As the Director of the Political-Military Affairs, to whom did you report?

A I would have reported to Don Fortier.

Q Except that he was---

A Except he was sick. I would then report to Admiral Poindexter.

Q I take it -- who did you report to during the period of time January-February 1986, up until May of 1986? Similarly?

A The same arrangement.

Q To Poindexter?

A Poindexter or Fortier. Fortier was in office through mid to late April. I don't believe he was hospitalized or took medical leave until about the third or last week of April because he was centrally involved in the U.S. reaction to the Libyan-sponsored terrorism. He was the principal coordinator at the senior level. It was only after that, that he departed. That was April 15.

Q When is it that Mr. Fortier died?

A I believe it was August -- I don't recall the exact date. The last week of August 1986.

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Q I take it, though, he was out of the office from April through August?

A He never returned.

Q Obviously you know Colonel North?

A Yes.

Q When did you first meet Colonel North?

A I first met Colonel North in late May, early June 1982.

Q What was the context of meeting him at that time?

A He worked in the Political-Military Affairs office on Middle East Affairs and we were engaged in various staff activities relating to the Israeli invasion of Lebanon.

Q Let me -- I have never gotten a clear picture of what the office of Political-Military Affairs does. What is its principal area of focus?

A I can only speak to that in terms of when I was in charge.

Q That is all I need to ask you.

A I don't think anybody knows what part of its function was before. Mr. Fortier was in charge of it for some time. It was different, I believe, than when I was in charge.

My office dealt with what I would describe as overt political military activities. This means anything involving the use of military power in peacetime or war time exclusive of what are described as special operations, for example, a hostage rescue attempt, or a covert use of military assets, for example, a CIA subcontract to the military. I had nothing to do with what are described as black programs. Some, for instance -- and military exercises in the Mediterranean involving crossing Qadahfi's so-called line of death was something that we would have had principal responsibility on the staff for coordinating.

Another activity---

Q Coordinating among whom?

A The interagency group of office's representatives of the Defense Department, Joint Chiefs of Staff, CIA, State Department, and anyone else who might appropriatey have been involved. So it would have been our job, for example, at the working level to convene working group meetings, to draft papers, try and reach agreement on options, on the pros and cons of different options, and then move it up, move the paper up to a higher level for the consideration by the principals. Perhaps to make recommendations, but not necessarily. That is not exactly how it worked in the Libyan case. That is more of an illustrative example. I also had one guy who was responsible for international narcotics activities. That was a POL-MIL function.

For instance, the U.S. support for the Bolivians in Operation Blast Furnace. This man in my group would coordinate to the extent the NSC was involved. We also had principal responsibility for what is called security assistance, the sale of arms, the provision of foreign military sales credits, and that was basically a coordination function and a liaison with legislative affairs people would then work out a strategy for working with the Congress.

Q Okay.

A We had no involvement in -- I shouldn't say no involvement. We had no responsibility for terrorism matters. In fact, when Admiral Poindexter called me to offer me the job of Senior Director for Political-Military Affairs, on, I believe, February 13, he explicitly---

Q This is February 13 of 1986?

A 1986. He explicitly stated that Colonel North would be responsible and in charge of a separate directorate that would have responsibility for terrorism matters and what was euphemistically called hostilities in Central America. My office had nothing to do, no responsibility for terrorism or Central America Contra-backed activities.

Q Obviously I want to ask you lots more questions about Colonel North and how he got in that position. Before I do that, let me ask during the period of time you were with -- I think you called it the Middle East Directorate -- what kind of matters was the Middle East Directorate responsible for? I guess this would be the period March of 1982 through February or so of 1986?

A We were responsible for U.S. foreign policy in the countries Morocco in the West through Bangladesh in the East. The major issues we were involved in included the Arab-Israel peace process, the Israeli invasion of Lebanon, the Iran-Iraq War, security assistance to Pakistan and India, Libyan matters that were not terrorism specific, economic developments in various countries, the traditional U.S. foreign policy activities in the Middle East.

Q Could you, to the best that you recollect, trace Colonel North's -- the various areas where he was assigned from the time that you knew him -- I guess the time you arrived. I take it he was already there when you got there?

A He was there before I arrived.

Q When you first arrived, what directorate was he in?

A I believe he was in the Political-Military Affairs Directorate.

Q Do you know whether at that time he had a separate assignment?

A I don't know.

Q And did he as a technical matter, remain in the in the Political-Military Affairs Directorate up through November 25 of 1986?

A No. There has been considerable confusion---

Mr. Bennett. Just answer the questions.

The Witness. No, he was not. There was a separate office he ran that was also called Political-Military Affairs, but it was not part of my office.

BY MR. EGGLESTON:

Q Who was in his office?

A He had to substantive subordinates, Colonel Earl and Commander Coy, and he had two secretaries.

Q Did he -- and at what time to the best you recall, did he have this separate operation, the separate directorate, that was also called Political-Military Affairs, when did that begin?

A I am not really sure when it began.

Q I take it as of this telephone call that you got in February, clearly as of that, he has already had this separate operation; is that correct?

A Yes.

Q Do you know how much prior to that time, any sense at all?

A I am really not sure. I would say that---

Mr. Bennett. Excuse me. They are entitled to get full and complete answers, but I don't want you guessing either.

Mr. Eggleston. I don't want you to guess either.

BY MR. EGGLESTON:

Q I thought you might have attended meetings, know who he reported to?

A I think the best benchmark would be the late -- late 1985 or early 1986 conclusion of the Vice President's Task Force on Counterterrorism, which resulted in a National Security Council decision directive, I believe, Number 205, which called for the NSC to create a separate office dealing with terrorims matters; and North, who was the action officer for terrorism matters on the NSC assumed that portfolio. I don't know the exact date that Poindexter might have decided or created the office. It was around the time of that NSDD.

Q Was he ever in the Middle East Directorate?

A No.

Q That you know of? During the period of time that you know of?

A He was never in that.

Q Again I don't want you to speculate in response to this question, but if you know, do you know the reason that these two separate activities, counterterrorism and hostilities in Central America were combined in one directorate?

A I don't know why.

Q When you say an action officer, was he -- what is an action officer?

A An action officer is bureaucratic euphemism for the person responsible for preparing staffing materials, papers, memos, what ever is required on a given issue; and that person -- let's say, person "X" is the action officer -- might draft a memo and then be required to have "Y" and "Z" look at that memo; but it would be that person, "X" that was responsible. It is the responsible staff person. That is a common title that is assigned people throughout the National Security Bureaucracy.

Q Were there regular staff meetings at the NSC?

A Yes.

Q Did you attend those staff meetings?

A There were two types of staff meetings, a senior staff meeting, four days a week, Monday, Tuesday, Thursday, Friday, for senior directors. I attended those when I became the senior director. I might have occasionally attended them prior to that, if there was a special reason to. Otherwise, there was a regulat staff meeting with the entire staff every Wednesday at 5 o'clock.

Q How many people attended the senior directorate meeting?

A I would say it was anywhere from 12 to 17 or 18.

Q And how large is the whole staff? How many people attended the whole staff?

A Most of -- whatever the number was. I don't know, 45, 50 positions.

Q Who presided over the senior staff meetings during that period of time you have knowledge of?

A Generally Admiral Poindexter or McFarlane before him.

Q Did Admiral Poindexter, after -- was Mr. Fortier Admiral Poindexter's deputy?

A Yes.

Q After Mr. Fortier in April of 1986 no longer was functioning at the NSC, who became, if anyone, Admiral Poindexter's deputy?

A He had no deputy through the summer, but I believe in early September, Dr. Alton Keel -- who the Senate yesterday confirmed as our next Ambassador to NATO -- was serving as the acting deputy to Poindexter.

Q Since I interrupted you, I lost the time period.

A Early September.

Q He became the acting deputy?

A Acting -- early September, mid August.

Q Was Alton Keel in the NSC prior to that time?

A No.

Q Where had he come from?

A I am not sure. He had been at the Office of Management and Budget, but had left that position and I don't know what he had done immediately prior to joining the NSC staff.

Q So it is my understanding that Colonel North never reported to you? You were never Colonel North's supervisor?

A That is correct.

Mr. Bennett. I just want to be sure we are using the words the same way. You mean in any kind of formal sense? There may have been instances where he spoke to North? Gave him a status report on something.

The Witness. By reporting to me, you mean was the supervisor responsible for him?

Mr. Eggleston. I meant reported to in the heirarchy technical sense of were you ever his supervisor?

Mr. Bennett. Yes.

Could I make just one point to clarify something?

If you feel you need further clarificaton on it, fine.

This is not quite like a regular civil deposition. It is important for me to have the record clear. There is, we understand, some kind of directory floating around or a list of telephone numbers which has identified Mr. Teicher as the Director and Colonel North as the Deputy Director. What Mr. Teicher indicates is that that is not an accurate reflection of what occurred. I didn't want you to be mislead in any way. I don't know if you know that exists or not. I assumed you did.

Mr. Eggleston. I did know it existed. I assumed from what Mr. Teicher said that that was not an accurate reflection of the roles of the two.

The Witness. For the record, I would like to note that on many occasions I said that I believed North's office should be called something separate.

BY MR. EGGLESTON:

Q I was about to ask you that?

A I was told that it was not important.

Q So there were two directorates called Political-Military Affairs?

A Political-Military Affairs; yes. But people within the bureaucracy all recognized that North had a separate office and dealt with terrorism and the Contras and that it had nothing to do with my office. So that was understood. As I was told by Mr. McDaniel, the security secretary, when I asked him to explain this to me, he said that the decision was made by Poindexter, not to create an office with the name of terrorism on it as a concession to Secretary Shultz. Because the NSDD 205, while saying that the

the NSC should have "The Terrorism Czar," also said the primary responsibility for counterterrorism matters should rest with the Department of State. So there was a contradiction in the compromise that was reached by the group preparing the NSDD and Poindexter chose to at least give Shultz and state the impression that they were in charge even though, as I understand it, and most people knew, that Colonel North's operations subgroup, which was directed to be established as part of the NSDD, was the most important interagency group.

So you have to understand the bureaucratics that were involved here to realize why the titles were what they were.

Q Let me direct your attention to around August of 1984. I understand that around August of 1984, there was an NSSD directive or something; can you tell me what an NSSD is?

A Yes; that is an National Security study directive, that is a basically an assignment from the National Security Advisor to the interagency group, departments to prepare a study on a given question.

Q And let me refer to this specific, there was an NSSD in August of 1984?

A This is exactly one of those documents that my attorney spoke of that is in my file that I would have liked to have seen. I expected you might have been interested in it. To the best of my recollection, on August 31, 1984, Mr. McFarlane signed out on an NSSD tasking the groups, state, JCS, OSD, CIA, and the NSC staff to undertake a study of what the U.S. might do to have some influence in a post-Khomeini Iran. I am not sure that is an accurate recitation of his exact words. Again had I been able to refresh my memory, I think I would have had it correct.

Q Let me ask you who drafts the NSSD? Or let me phrase it this way: Do you know who drafted that NSSD?

A I believe that NSSD was drafted by Dr. Jeffery Kemp, who at that time was the senior directorate of the Middle East group. I don't recall whether I commented and participated in the drafting or not. I probably did, but it was not my principal responsibility.

Q After the NSSD was issued, and you listed a number of agencies then who were responsible for coordinating, is the purpose of the coordination to determine whether to issue an NSDD?

A No. The purpose of the study is to analyze the problem, analyze U.S. interests, U.S. objectives in the context of the problem, and assess the options for the U.S. given interests and objectives, weigh the processes and consequences, try to reach an agreement, if possible; if not, convene higher level groups to reach an agreement on the conclusions of the study, and then to prepare a draft National Security decision directive for review and decision by the principals.

Q If you could go through -- let me ask this question, first. Were you involved then in that -- the activity that took place subsequent to and as a result of the NSSD?

A I had a limited amount of participation. I became more involved in early 1985 when Dr. Kemp left the NSC and he was succeeded by Mr. Covey. Mr. Covey was primarily interested in peace process matters. So I assumed a greater responsibility for the Persian Gulf or Southwest Asia matters.

Q By peace process, I assume you mean Israeli problems?

A Arab-Israeli problems.

Q Were you then in 1985 the principal person at the NSC who was responsible for acting on the NSSD?

A Yes.

Q Could you---

A Principally lower level.

A I understand.

Could you go through and tell me who---

Mr. Bennett. Could he explain that?

The Witness. I think -- because Don Fortier was then a senior advisor to McFarlane and he was the one most interested in long-range developments relating to

Iran. He, I think, would have to be described as responsible on the staff.

BY MR. EGGELSTON:

Q Right.

A I would describe myself as a staff officer who essentially worked for Don on these matters as did Kemp before me.

Q What I am interested in is if you could, as best you can recollect, tell us who the people were at the other agencies who were acting both at your level, at the staff level, and also at the -- at the Fortier-Kemp level?

A At the CIA, it would have been Graham Fuller, who was the National Intelligence Officer. YOu would have to ask him who within the CIA was working on it for him. I am sure there were many analysts involved.

Q So Grant Fuller was at the Fortier level?

A Fortier level and also, perhaps, below that. I would be in touch with him. It wasn't that heirarchical in terms of who would talk to whom.

At the State Department, the people involved would have been Arnie Raphael, who is the principal Deputy Assistant Secretary for Near East Affairs; and James Placke, who was the Deputy Assistant Secretary of State for Near East Affairs relating specifically to the Libyan Peninsula and Persian Gulf.

And then his staff officers, whomever worked on the Persian Gulf matters, would all have been involved. I don't recall at that time whether Assistant Secretary Murphy -- whether Murphy was then the Assistant Secretary or whether it was still Veliotes. He would certainly have known about it. Armacost may not have yet come on. I am just not sure what the dates were.

If it wasn't Amracost at Fortier's level, it would have been Larry Eagleburger.

The people in Defense that were involved were the ISA representatives.

Q What is ISA?

A International Security Affairs in the Office of the Secretary of Defense. At that time---

Mr. Bennett. What time are we talking about?

The Witness. You are talking about late 1984, early 1985?

BY MR. EGGLESTON:

Q Right.

A I don't really recall -- Armitage was the Assistant Secretary of Defense. I can't -- there was an Air Force General who was the Deputy Assistant Secretary of Defense. I can't remember his name. They would have been involved.

Q Was there one agency that was sort of the principal agency responsible for coordinating among the various agencies?

A State Department.

Q I take it there comes a time when a draft NSDD is prepared?

A Yes. Again that document is in this file that I was not given access to.

Q What does NSDD stand for?

A National Security Decision Directive.

Some other names that -- some of the lower level people that might have been involved at defense and state could have included a Mr. John Semple, Mr. Peter Burley, Mr. Peter Liden, and other staff officers. They would have all answered to the people whom I mentioned before.

Q Did you particpate in the drafting of the NSDD?

A I don't believe I did.

Q Did you read it prior to the time that it was distributed?

A No. To the best of my recollection, the State Department distribted a draft NSDD sometime in late 1984 or early 1985. I don't recall the exact date and I read it at that time.

Q What happened to that draft?

A I showed it to Don Fortier and Admiral Poindexter and I recall their being dissatisfied with it.

Q So that draft remained at the---

A Draft, no standing.

Q There comes a time when a draft is eventually distributed that we have all read about that was commented on by Secretary Weinberger and Secretary Shultz. Did you see that draft?

A Yes. I helped produce that draft.

Q Was that a more formal draft than the one distributed by state?

A No. It had the same kind of standing as a draft NSDD prepared by lower level officials for eventual consideration by the principals.

Q Do you know whether Mr. Weinberger and Mr. Shultz saw the earlier draft?

A I don't know.

Q Do you recall approximately when it was that the draft that has now become famous was distributed to Secretary Shultz and Secretary Weinberger?

A I believe as the Tower report states, on June 17 Mr. McFarlane signed out a memorandum to Shultz and Weinberger covering the draft NSDD prepared by Fortier and me. He also signed apparently a separate copy out to Bill Casey.

Q Prior to the time that he had signed a copy out to Secretary Shultz and Secretary Weinberger, had you read it?

A Yes.

Q Had you discussed it with Mr. McFarlane?

A Yes.

Q Had you participated in the drafting of that draft?

A You are referring to the one McFarlane signed out?

Q Yes.

A Yes, I had.

Q Was it your recommendation it be sent out?

A Yes.

Q Was this draft -- was the drafting of that draft,which I will call the June 17 draft, so we are clear, did representatives of the State Department and the Department of Defense participate in the drafting as well of the June 17 draft?

A As I recall, I drew on the document that had earlier been prepared by the State Department to the maximum extent possible so that they would not be able to object and would recognize their own inputs in preparing with Fortier the subsequent draft. But the way this was prepared was that this was essentially an NSC staff product draft, but using inputs from all the other agencies. This was not something where I just sat down one day and out of my head composed a National Security Decision Directive. I had input from the Central Intelligence Agency, I had inputs from the State Department, I had inputs from the Defense Department.

Q Are you then the principal author of this draft?

A I would say that it was a joint document by Fortier and me.

Q And obviously in retrospect the draft produced some controversy because of its suggestion that military equipment, on a case-by-case basis, might be provided to Iran. Were there discussions within the NSC about that prior to the time that the draft was sent out?

A There were discussions at the working level, informal or formal interagency group meetings about what might make a difference with Iran. The NSC itself is actually the President, the Secretary of State, the Vice President, statutory members.

Q I am sorry.

A The NSC staff, those who were involved in this, to discuss the pros and cons of a possible loosening of the operation called "Operation Staunch."

Mr. Van Cleve. Excuse me just a moment.

(Discussion off the record.)

BY MR. EGGLESTON:

Q In preparing the draft, did you discuss the concepts here, particularly the concept about providing military assistance, military weapons to Iran with groups outside of the government?

A There were individuals in the scholarly community who were speaking and writing and said that the only thing that would matter, make a difference to the Iranians, were arms.

Q Do you remember who those people were?

A I believe Dr. Rahollah Ramasani at the University of Virginia, made the point. I believe Dr. Marvin Zohnas at the University of Chicago may have made the point.

Others may have as well. I can't recall the specifics. I did not engage in any outside consultation.

I think it is important to note that we clearly recognized, as we stated in the cover note to McFarlane and his cover note that we prepared, the provocativeness of this, but we felt it was an issue worthy of consideration by the principals. That was our function. We didn't make decisions. We tried to present them with options that might make a difference and give them the pros and cons, which we did, and which they considered.

Q Just so I am clear, did you actually consult with those scholars or did you just read the things that they had been writing?

A It was more informal. I did not have a consultative relationship with any of them.

Q Did you have duscussions with them?

A Intermittently at conferences.

Q Did you discuss it with any -- did you discuss it with any other outside people?

A No.

Mr. Bennett. Excuse me. I just want the record to be clear. When you say "it"---

Mr. Eggleston. The June 17.

Mr. Bennett. Not the specific directive, but the general concept?

BY MR. EGGLESTON:

Q The general concept of providing arms to Iran?

A No. It was a very sensitive subject and not one we would discuss with anyone on the street.

Q In the preparation of this draft, the June 17 draft, was there discussions related to the hostages?

A No.

Q Did the draft that you have indicated that was sent around by the State Department in, I think you indicated, late 1984 or early 1985, did it include the provision, the suggestion that arms be given to Iran?

A No.

Q On a case-by-case basis?

And I think I asked this before, but I sort of

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lost it in my head, prior to the suggestion that you have in this document, had you discussed this particular project with representatives of the State Department and the Department of Defense?

A I am sure that we discussed it in general terms.

Q And---

A We certainly knew where our bosses stood on the issue.

Q I take it by that -- let me ask you what you mean by that? Where did you think McFarlane stood on the issue?

A I think McFarlane was openminded.

Q What was your understanding about where Secretary Shultz stood on the issue?

A He was strongly opposed.

Q And what is your understanding about where Secretary Weinberger stood?

A Strongly opposed.

Q So as of the time this document was sent out, there was thought that it would -- it might be against the then views of Secretary Weinberger and Secretary Shultz?

A Yes. As I said before, we thought that the analysis was compelling enough to warrant their consideration of the proposal given the importance of Iran and the dangers that could ensue should Iran fall under the hegemony of the Soviet Union.

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It is important to note that the purpose of this NSDD was to look for ways to compete with the Soviet Union and other powers for influence in a post-Khomeini Iran.

Q Was there -- and I hope you don't think that by asking these questions I am being critical. I am not here to make judgments about whether this should have been done or should not have been done.

These were not the reasons for my questions. I am just curious as of this date what kind of discussion, thought had been given to various aspects of it so that I can measure that against what was thought about in various other ways.

But as of---

Q I take everything in the spirit of inquiry and discovery.

(Discussion off the record.)

BY MR. EGGLESTON:

Q Obviously the provision of weapons to Iran would -- is something that was contrary to Operation Staunch?

A Yes.

Q And was there -- and Operation Staunch was, as I understand it, a policy decision that had been reached by a number of different agencies and was fairly strongly believed in at the time? Was there any discussion of this proposal with the Department of Justice, with Customs, with other organizations that were backing---

Mr. Bennett. At what point in time?

Mr. Eggleston. Around the time immediately prior to the time the June 17 draft was sent out.

The Witness. No.

Mr. Bennett. Excuse me.

To your knowledge? You don't know about other people.

The Witness. To the best of my knowledge, thank you, the directive was provided only to state, defense, and CIA. The working group that was examining this did not include representatives of the departments you mentioned. But my attorney is correct, I can not say that someone may not have discussed with them this possibility.

BY MR. EGGLESTON:

Q As the working group was preparing this document and as you were working on this document, was there any discussion about the implementation of this suggestion to provide weapons to Iran?

A No, there was not.

Q There was prior -- shortly prior to the distribution of this draft a SNIE -- I forget what it stands for. Special National Intelligence Estimate -- that was produced with regard to Iran; is that correct?

A Yes.

Q How much prior to this was that SNIE distributed?

A I don't recall the exact date. You would have to check the registry at CIA.

Q Did you have access to it?

A Yes.

Q Did you see it?

A Yes.

Q I take it that the SNIE at least in part reported that our information about Iran or our intelligence informatio about Iran was extremely weak; is that a fair---

A I don't recall whether the NIE spoke of the intelligence information, but it was certainly my view that -- and the view of others that I spoke with -- that our knowledge and understanding of the details of the internal dynamics was weak.

Q My question is was there any discussion as of the time among the working group at this time this draft was perpared about whether or not the sending of military equipment to Iran would actually affect any of Iranian attitudes towards the United States?

A Yes. There was discussion of whether an arms relationship with the Iranian Government would affect their attitudes towards the United States.

There was discussion of that. That, I think, is the key. I think it is important -- and I am sure you have it -- to look at the memo prepared by Gram Fuller, I believe, dated May 17, 1985 toward a policy on Iran, which was an input to the working group process and the preparation of the NSDD which spoke of the contradictions that we were coping with regard to our other interests in the Middle East as well as the possible dangers and opportunities that might exist. And because we were conducting a formal interagency process, the NSC staff requested that the CIA update the national intelligence estimate that it had prepared in the Fall of 1984 on Iran so that our NSDD would be formed by the most up-to-date agreed interagency intelligence analyses.

Q Have you read the Tower Commission report?

A Yes, I have.

Q You probably read in the report that Mr. Ledeen had begun a dialogue as of this time, I think principally with Israelis about the state of the knowledge of both the United States and Israel in Iran? Were you aware that Mr. Ledeen -- were you aware as of this time, June 17, 1985, that Mr. Ledeen had begun such a dialogue?

A Yes.

Q How were you aware of it?

A He apprised me himself on one or two occasions that he planned to do it,and as the Tower Commission relates, I was asked for my opinion by Mr. Fortier of whether McFarlane should designate Ledeen as a representative of speaking for him with the Israelis. Ledeen did not have a consultative relationship with my group.

Apparently he was a consultant to the terrorism group or to Don Fortier or someone, but not to the Middle East group. He did come in occasionally. He would drop by while doing other business and just sort of bemoan our relationship with Iran and our poor intelligence and the need to do something about it, but I never got the impression that he had any great ideas other than to try to insinuate himself into the process in one way or the other.

Q What was your reaction when you were asked about whether or not Mr. Ledeen should act on behalf of---

A Again, I refer you to the Tower Commission report, which I think relates a note from Fortier to McFarlane on April 9, that says that I did not think it was a good idea.

Q Why did you think it was a bad idea?

A I questioned the ability of Michael to serve in this sensitive a function given his persona in public and his tendency to talk and not necessarily be as discreet as one needed to be. I was also concerned about the bureaucratic implications and the attitude of the State Department. But again I don't have access to those notes and I am not exactly sure; and, in fact, until I saw the Tower Commission, I hadn't recalled that Fortier had asked me to check with Nimrod Novick, who worked for the prime minister, to determine whether he would be received.

Q Did you -- were you then aware that Mr. Ledeen did make trips to Israel?

A Yes, I was.

Q Let me stay on Mr. Ledeen for a few minutes. There comes a time, as you know, at least from the Tower Commission report, that Mr. Ledeen began meeting with various Israeli individuals and also with the individual by the name of Ghorbanifar. Were you a aware Mr. Ledeen had met wtih Mr. Ghorbanifar?

A No, I was not.

Q Were you aware that he in the summer of 1985, began meeting with Mr. Schwimmer, Mr. Nimrod?

A No, I was not.

Q As of -- just to pick a date, June 17, 1985, had you ever heard of Mr. Ghorbanifar?

A No, I had not.

Q When is the first that you heard -- when is the first that you heard of Mr. Ghorbanifar?

Mr. Bennett. Mr. who?

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Mr. Eggleston. Ghorbanifar.

Mr. Bennett. Ghorbanifar?

The Witness. In March of 1986. I never heard of him prior to my involvement in the actual initiative in March of 1986.

BY MR. EGGLESTON:

Q So you had not heard of him in connection with your studies in the Middle East?

A I never heard of Ghorbanifar.

Q Mr. Ghorbanifar had a, apparently, a channel in Teheran? Do you know the name of his channel?

A I am really not sure who he spoke with.

Mr. Eggleston. Was the channel at the meeting -- can we go off the record for a second?

(Discussion off the record.)

end jm

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BY MR. EGGLESTON:

Q There comes a time, I take it, when you learn that Mr. Ghorbanifaor has a particular channel into Iran; is that correct?

A Eventually I learned that, yes.

Q Without mentioning who that individual's name was, as of June 17 of 1985, had you ever heard of that individual?

A No.

Q Now, let me return to this draft NSDD which was distributed. Do you recall approximately when it was that you received the responses from -- or starting with the response from Mr. Weinberger to the NSDD?

A Again, those are documents that I would have hoped to have reviewed. I would hope you have them in your possession.

Q I think I do. I am just asking for your best recollection.

A I think Shultz came in first on June 29 with his comments. I think Weinberger and Shultz were in mid-July. I may have that confused, though. That was the time frame.

Q You gave us two dates for Shultz.

A Shultz, I believe, was -- I am sorry. Shultz would have been the end of June, I believe the 29th. I believe Casey and Weinberger in mid-July.

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Q I take it it is your recollection that Mr. Shultz and Mr. Weinberger were generally opposed to that provision of the NSDD, and by that I mean the provision dealing with -- suggesting sending arms to Iran, and that Mr. Casey was not opposed to that provision?

A That is essentially accurate. The comments were much more broad, covered many different subjects relating not only to the proposal, but to the --

MR. BENNETT: Excuse me. We just want to be as helpful to you as we can be. I gather you want me to do this, if you ask him a date and he doesn't remember?

MR. EGGLESTON: Sure. Although on a lot of this the precise dates aren't that important.

THE WITNESS: Shultz was June 29. Weinberger was July 16. Casey was July 18. According to my attorney's notes.

BY MR. EGGLESTON:

Q The dates do turn out to be a little more interesting than I thought. Following the receipt, then, by the middle of June of those comments from those three individuals, what, if anything, happened to the NSDD?

A I talked with Fortier and with Poindexter. I don't recall discussing the issue with McFarlane. I may have gone on vacation or gone with the President to California. I really do not recall.

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They asked me to try and work with some people in the bureacracy who we had learned had been involved in drafting Secretary Shultz' response, for instance, and who I thought might have been working on it at Defense to see if there was any flexibility or creativity on this particular issue or any other issues.

Q Before you continue, do you recall who it was at State and Defense?

A I recall at State meeting with Secretary -- Assistant Secretary Murphy and Peter Burley. At Defense, I believe I spoke with a man named Fred Smith. Fred, I am not sure was ever actually aware of the NSDD or not. We had to talk around it, but we talked about the issues and I tried to explore where there might be some opportunity for a revision to the NSDD.

I concluded from my discussion that there wasn't much room and they were reflecting the views of their superiors and reflected in their superiors' comments. I reported that to my principal, Fortier, Poindexter, perhaps McFarlane.

I just don't recall in August. I was base -- I basically suggested that we had two options. We could prepare a draft decision memorandum for the President --

Q Let me ask you as best you recall to place the time in August.

A I could only speculate it was sometime between early and mid-August. In reviewing my notes, I don't have any record that further specifies when that informal discussion might have taken place.

Do a draft decision memorandum for McFarlane to send to the President that outlined for him the possible change in our policy and the rationale and that would have included the comments of Secretary Weinberger, Secretary Shultz, and Director Casey, for him to decide whether to move against their decision or to do nothing or to say no, give it some more thought, or to do nothing else. And in the event I was advised not to prepare a decision memorandum for McFarlane to consider and to basically stand down from the effort for the time being and to just be very sensitive to what was going on in Iran and the region and be ready to update, adjust, re-intiate the interagency process as that might be appropriate.

Q Between this time period that you are now talking about, mid-August of 1985, mid to early August of 1985, through November 25 of 1986, were you ever asked to reactivate the NSDD?

A No.

Q Did you throughout -- let me do it this way. You subsequently learned because you read the Tower Commission Report that in the last days or so of August and early

CAS-5 September of 1985, there was a transfer of TOW missiles from Israel to Iran and you have also at least read that there was some discussion with the President.

A Who can remember?

Q Various discussions. Were you aware that was going on at the time?

A No.

Q As of August of 1985, had you heard of Adnan Khashoggi?

A Yes.

Q Who did you understand Adnan Khashoggi to be?

A I knew him from his reputation in the international media as an international businessman involved in many different types of business deals.

Q There comes a time about September -- I always forget the date -- September 15 when Benjamin Weir was released from Lebanon. It was attended by a lot of media attention. Were you aware as of the date that he was released that there had been a transfer of missiles to Iran?

A No.

Q Did you participate in any discussions with -- I will start with Mr. Fortier, I guess, about the reasons that Mr. Weir may have been released?

A No.

MR. BENNETT: May I have just a moment with my client?

MR. EGGLESTON: Sure.

(Discussion off the record.)

MR. BENNETT: I understand. All right. Well, maybe he won't.

THE WITNESS: If he doesn't, I will make the point. I am waiting.

MR. BENNETT: There is a portion, something which is arguably responsive to your question. It was just the manner in which you asked it that he didn't respond.

BY MR. EGGLESTON:

Q Why don't I ask you to go ahead. Or else I am going to sit here wondering.

MR. BENNETT: The area dealt with his knowledge or awareness. He answered that he was not aware.

MR. EGGLESTON: Right.

MR. BENNETT: There was incident.

THE WITNESS: As I related to the Tower Commission in mid-September, I believe a day or so after Weir was released, I did notice in the Foreign Broadcast Information Service some interesting press reports alleging that a transport aircraft had, I believe, mysteriously dropped off the scope in Turkey and appeared in Israel. It was subsequently alleged it was involved in arms transfers to Iran and had some relationship to Benjamin Weir. There was then some domestic press coverage here on that. As the Tower Report states, I believe, and as I told the Tower Commission, I went to North to ask him about it. He said there was nothing he could tell me about it.

I subsequently went to McFarlane, because I was very concerned about the possibility that the Israelis were providing arms to Iran in contradiction of our policy, and McFarlane told me, well, there is nothing he could tell me except the U.S. isn't selling arms for hostages.

I was pretty well advised that there was nothing else that I needed to know about this through these euphemisms.

I took it to mean I wasn't part of whatever was going on, if something was going on.

BY MR. EGGLESTON:

Q Can you describe in any greater detail the conversation you had with Colonel North?

A It was a brief -- I stuck my head into his office and said, look at this. I have seen this. Can you tell me anything about it? A very brief exchange.

Q And the best of your recollection is his response was --

A His response was there is nothing I can tell you about it.

Q Did you speak to anyone other than McFarlane and

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North about those press reports?

A No. I may have spoken with my wife about it.

Q I am sorry. Anyone at the NSC staff?

A No.

Q Did the press reports indicate the origin -- when I say the origin, who had leased the plane? Did it reveal any information about the plane itself?

A I don't recall. We would have to look at the clipping

Q Did you ever see -- did you see any information within the NSC about this plane?

A No.

Q Throughout the fall, between September, the release of Benjamin Weir in mid-September 1985, and, say, November 23, 24, 25, something around there of 1985, you subsequently learned there were a series of meetings with various individuals and eventually a transfer of Hawk missiles. Were you aware of that at the time?

A No.

Q Was there anyone at the NSC -- you were in the Middle East Directorate; is that correct?

A Right.

Q Was there anyone at the NSC who was -- let me ask it this way. Was one of the areas you were responsible for in your role at the NSC Iran?

A Yes.

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Q Were you the principal staff level officer responsible for Iran?

A Yes.

Q Was there anyone at the NSC, at the staff level officer, as opposed to Fortier, or Poindexter, or McFarlane level who had more responsible for Iran to your knowledge than you did?

A No.

Q And in 19 -- well, let me ask it this way. From, say, the first of August 19 -- I am sorry. From the time that you were told to stand down, I think was your words, on the NSDD up through the conversation that you had in March of 1986, where you began some involvement in this process, did anyone consult you about -- again, about the issue of arms to Iran?

A No.

Q Were you consulted at any time along those times about the various factions, political factions, in Iran?

A Well --

Q If you recall?

A No one came to me to consult. I am sure in the course of discussions with the others in the government, we talked about what was going on in Iran. But it was -- I was not, for instance, consulted by Colonel North, to the best of my recollection, about Iranian matters or anyone

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else on the staff about factions such as you suggest.

I would just point out that it is important to note that while I would be then described as the principal action officer at the staff level for Iran, functional directorates also had someone with responsible for Iran.

For instance, the Intelligence Directorate, Vince Canestrero, had responsibility for any covert action programs relating to Iran.

In the Economic Affairs Directorate, there would have been one or more individuals, since we had so many outstanding financial questions that were being addressed by the Haig Tribunal, and emergency regulations, that would have had some take a look at some regulations that I would not have looked at. Or in the commercial area. The people then in POL-MIL, if we were going to conduct military activity in the vicinity of Iran, they would have been involved, as well, and might have been asked some of these questions.

Q I understand you were not the only person.

A It is important to understand there were a variety of people that would have considered themselves responsible. But the Regional Directorate would usually assign the primary responsibility.

Q But the Middle East Directorate would have had primary responsibility.

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A Yes.

Q Well, to your knowledge, and I am asking only to your knowledge, were any of those other individuals in the other directorates consulted by any of these issues?

A Not to my knowledge.

Q Did you consult -- did you have a regular relationship with Vince Canestrero?

A As appropriate, I would talk with him about the issues.

Q Did you throughout this time period -- again, I am talking about from the time you were told to stand down in mid-August of 1985 through whatever day it was in March of 1986, did you ever discuss the issue of arms to Iran or political factions in Iran with Vince Canestrero?

A Probably. He had contributed to that NSDD. He was one of the people on the staff that contributed to it and who would have been the formal liaison with CIA with respect to any questions that we might have wanted them to address in the SNIE or in the other matter.

Q I was really directing your attention to the time after the NSDD is essentially closed down?

A I don't recall. [redacted]

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[redacted]

Q [redacted]

In January of 1986, January 17, there was a covert action finding signed. This is again something I know that having read the Tower Commission Report you now know. Did you know that as of, at, or around January 17, 1986?

A No.

Q When is the first time that you learned that a covert action finding had been signed with regard to Iran in January of 1986?

A In March of 1986, early March I was asked to come to a meeting in Fortier's office. North and Peter Rodman were also present and at that time, I was given a general briefing on the finding, on the activity, and was advised of the role that was foreseen for me in the effort.

Q Before I get into that, because I just want to cover about two more minutes, I would like to take a brief break and get into a period where your activity gets a little more intense in this area.

You subsequently learned now or you know now there was a transfer of arms in February of 1986 directly from the United States to Iran. At or about the time that that was taking place, prior to this conversation with -- in March of

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1986, were you aware that that transfer of arms had taken place?

A No.

MR. EGGLESTON: I would like to take a brief break if that is okay with everybody.

(Recess.)

BY MR. EGGLESTON:

Q Right before we took our brief recess, you began to tell us about conversations in March of 1986. You had just indicated that you had a conversation with Mr. Rodman, Peter Rodman, and Oliver North.

A And Don Fortier, in Don Fortier's office.

Q Just the four of you?

A Yes.

Q What is it, as best you recall, that they said to you about the operation and what they wanted you to do?

A Basically they said that a finding had been signed to conduct a joint operation with the Israelis that was to try to undertake a strategic opening to Iran, that the principal gesture of goodwill that we were going to undertake was the provision of limited arms through the Israelis and that what we wanted from them was their efforts to gain th release of hostages.

That is the best of my recollection. I didn't take notes on this. You don't take notes on this sort of thing.

And then as a further gesture of our goodwill, and we hoped to genuinely initiate the relationship, McFarlane would be asked to travel secretly to Iran as the President's special envoy.

I was to be accompanying McFarlane to provide substantive staff support as a regional policy expert and note taker and that in the preceding period, working with Rodman and North, I was to draft the terms of references that would bound the discussions McFarlane would have with the senior Iranians.

Q How long did the conversation last?

A I don't recall.

Q Was it -- I don't mean --

A Brief. I am sure it was no more than 20 to 30 minutes at the most. Fortier's schedule was always wild and we all had a lot of other things going on. At that time I was principally involved in making preparations for a national security planning group meeting to be convened on March 14 to consider whether to proceed with the naval challenge of Qadhafi's claim to the Gulf of Sidra.

Q At that meeting, what if anything did you learn about the prior relationship between the United States and Iran with regard to the arms initiative?

A All I was told in very general terms was that some number of TOWs had been provided. There was no mention that I can recall of the Hawk missiles. I don't believe I learned about the Hawk missile business until the full disclosure in November.

And even then, I was told it was oil drilling equipment, as other people were. Only later was it that I learned it was Hawk missiles. I was mis-led about that.

Q When is it that you learned -- I take it that when there is a disclosure in November, you learned there had been a transaction in November of 1985.

A That is correct.

Q And you were told it was oil drilling equipment?

A I believe that that is what I was told.

Q Do you remember who told you that?

A No. I really don't remember. It was fairly frenzied.

Q Yes. We will get to that. It does seem like a frenzied time. Do you remember approximately when it was in the November time period that you were told about the November transaction and that it was --

A During the preparation of the chronology.

Q Okay.

A So that would have been the middle of November.

Q When did you learn that the November transaction had actually been Hawk missiles?

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A In that same time period.

Q Who did you learn it from?

A I don't recall.

Q Were you consulted in March of 1986 about whether a trip to Iran was a good idea?

A No. My opinion was not solicited about this program.

Q Did you have an opinion?

A I am sure I had opinions.

Q Do you remember what it was?

A I believe that the strategic logic of an opening to Iran was sensible and was in our interests. I thought that a meeting with Rafsanjani, Khamenei, the President, and Musavi would have been a significant and dramatic step and would serve our interests.

I was troubled by the fact that there was a relationship between arms and hostages, but I was not asked for my opinion about it.

Q You had indicated in describing your conversation that you had with Mr. Fortier, Colonel North, and Mr. Rodman that the relationship was with the Israelis.

Do you recall them saying with the Israelis?

A Yes.

Q Did you indicate earlier that you had some familiarty as a result of your consulting role with the Foreign

CAS-17 Military Act sales, arms export laws, all that stuff?

A Arms export laws, yes.

Q Do you have a fairly -- did you have a fairly -- I don't know how to ask this exactly. In-depth knowledge of those laws, the requirements, congressional notification that may have gone with some of them?

A I wouldn't say I had in-depth knowledge of the laws. I knew about the key components. I would always go and check the actual legislation before I would put -- give anyone my opinion about anything. It is very complicated. There are lawyers who specialize in nothing more than that act.

Q Is there -- did you have any knowledge of the congressional notification requirements?

A Yes, I did.

Q Let me ask what was your understanding if the United States had sold weapons to Israel and Israel was going to transfer them to the -- to Iran? Would that have triggered a requirement of congressional notification?

MR. BENNETT: Excuse me. I am going to object. I am a little troubled about him opining on the law and legal requirements. He is not a lawyer.

MR. EGGLESTON: I will re-phrase it in a way that I think he will have to answer.

MR. BENNETT: Well, you know, re-phrase it. I don't

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want him giving you his opinions of what the law does or does not require. I am not sure I know what it requires at this point.

MR. EGGLESTON: Okay. Although I think that his knowledge of how this transaction might have been structured and whether or not it was his view that congressional notification may or may not have been necessary is a question to be covered, that is permissible.

BY MR. EGGLESTON:

Q What was your understanding about how this transaction that was going to take place was going to be structured?

A I wasn't --

MR. BENNETT: Excuse me. What transaction? You took us to the point of he is going over to Iran. We are not talking about any transactions at this point. We are talking about him going to Iran in March is what I thought we were talking about.

BY MR. EGGLESTON:

Q Did there come a time when you learned that the plane that you were going over on was also going to carry weapons?

A Only when I arrived in Israel.

Q And did there come a time when you learned that there were additional weapons contemplated in connection

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with the trip?

A In the course of the trip.

Q And were you informed during the course of the trip about the value of the weapons that were being transported?

A No.

Q Did you have any knowledge as of the time of the trip about the quantity of weapons or arms or at this point spare parts that would be transferred?

A I was advised that something on the order of 240 Hawk missile spare parts were being sold in the context or delivered or whatever in the context of the trip.

Q As of the time that you learned that there was going to be a transfer of Hawk spare parts to the Iranians in the context of the trip -- I think is what you used -- did you have -- did you give any thought to whether there was a congressional notification requirement that would be triggered as a result of the trip?

A I was under the clear impression that everything that was going on was being conducted under the umbrella of the finding and that whatever was or wasn't being notified was pursuant to the interpretation of the Intelligence Act.

Q Did you know whether or not Congress had been notified?

A I was advised when I asked, when I was briefed, CAS-20 that Congress had not been advised. Or I believe "notified" is the proper word.

MR. BENNETT: At what point in time?

MR. EGGLESTON: I am about to ask that.

THE WITNESS: In March.

BY MR. EGGLESTON:

Q That was during your conversation in March?

A When I was brought in, I asked if congressional notification of the finding had taken place. I was told it had not.

Q Who did you ask that of?

A Fortier. This was in the Fortier meeting.

Q All right. Okay. And was there any additional discussion at that time about the requirements of congressional notification?

A There was not much discussion about it.

Q What was it about what you had been advised that caused you to ask a question about congressional notification?

A My understanding of the Intelligence Act was that findings had to be notified. And I was advised that the Attorney General had interpreted that timely notification allowe the President to determine what was timely.

Q And who is it at that meeting who told you that, if you recall?

A I believe it was Fortier or North.

Q I am sorry?

A Fortier or North.

Q Fortier or North?

A Fortier or North.

Q And do you recall anything else about what either Fortier or North may have said about the Attorney General's opinion about congressional notification?

A No.

Q Was the conversation that you had with Mr. Fortier and Mr. North and Mr. Rodman about congressional notification, was that a conversation about congressional notification under a covert action finding?

A Yes.

Q Was there any discussion that you recall about notification under any of the Arms Export Act statute?

A I don't recall.

Q Do you recall throughout the time period, March of 1986 through November of 1986, whether there was any discussion about notification under the Arms Export Act?

MR. BENNETT: That he was involved in?

MR. EGGLESTON: Sure. Sure.

THE WITNESS: I don't remember any discussion of that.

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BY MR. EGGLESTON:

Q You indicated that out of that meeting you were asked to draft terms of reference?

A Yes.

Q What is "terms of reference"? What are those?

A Terms of reference are what would be called -- could also be called talking points for guidance to bound the discussions that one could have with a foreign official.

Q Were you told at that time what to put in the terms of reference?

A I was given guidance to prepare terms of reference that covered the -- what I would call macro issues in U.S./Iranian relations.

Q How long after this meeting did you prepare the terms of reference?

A I probably completed a draft within a day or so.

Q And what steps, if any, did you take to learn about what had occurred prior to your involvement in terms of relationships between Iran and the United States?

A I did not pursue it in great detail. I was advised that I was to have no operational role in this affair. I had a policy role. I would refer to whatever papers I had or what I thought should be in a first discussion that was held by a presidential emissary and a senior official from another government regarding the key issues in the relationship.

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Q Prior to the preparation, did you have any additional discussions with Colonel North about the initiative?

A I may have discussed one or two things with him. I really can't recall. I didn't keep that kind of note.

Q I understand. Have you -- the Tower Report refers to a document which is referred to as the undated document and there is some speculation that it was around April 4 or so.

Are you aware of the document I am talking about?

A Yes, I am.

Q When is the first time that you saw that document?

A The first time I saw the document that they refer to was at the Senate Select Committee on Intelligence, when they stuck it in my face.

MR. BENNETT: Excuse me, if I may.

(Discussion off the record.)

THE WITNESS: My attorney reminds me that Mr. McMann, the Staff Chief of the Senate Select Committee, did not let me see the document, did not let me read it. He strictly asked me whether I could describe what type of document it was as regards to being a decision memorandum or something else.

The April 4 memo that you referred to, I believe, I subsequently formally requested from Peter Wallison that a copy of that document be made available to me. It is in my attorney/client work folder that I don't have access to.

MR. BENNETT: Just say you clearly understand we have no reason to believe it is not the document, but he was asked questions about a document which they refused to let us see and through subsequent assistance, we got a document which was purported to be the document which was in three seconds shown to him at that meeting before the Intelligence Committee.

BY MR. EGGLESTON:

Q But the first time that you had seen the document that is quoted, I think at some length in the Tower Commission Report, referred to as the undated document, was at the Senate Select Committee hearing?

A The entire document,as my attorney said, that we think was that document would have been at that time, yes. I did not have in my possession or read what the Tower Commission referred to until that full document was provided to me by Peter Wallison's office in December.

Q So you saw the document prior to the time it was released in the Tower Commission Report?

MR. BENNETT: Yes. We raised hell they would show him a document and ask him questions about a document and then not let us see it.

THE WITNESS: After my testimony before the SSCI,

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I submitted a request for what I believed was the document that they had asked me to comment on that I did not have a copy of. So that would have been in the third week of December, perhaps the 17th or the 18th of December. It was probably in my memo requesting that.

BY MR. EGGLESTON:

Q That is okay. I don't care about that.

How many drafts of the terms of reference did you do?

A I myself did one draft by myself and Rodman and North then proceeded to prepare several differing versions of the draft and I occasionally commented on it, but not in a systematic manner.

Q I take it there comes a time when a final draft of the terms of reference was prepared?

A I don't know.

Q Was there a terms of reference document taken by McFarlane with him on the trip?

A Yes, there was.

Q Did you see that document that Mr. McFarlane actually took with him?

A I only saw that when I got on the plane with McFarlane.

Q Did you have occasion to read it?

A Yes.

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Q Do you recall any differences between the document that you read -- let me finish the question -- that you read on the plane and the document -- let me start this way.

Were there any differences that you recall that were other than grammatical between the draft you prepared and the draft that you read on the plane that McFarlane took with him?

A I really don't remember.

Q Is it your recollection, if you are able to recollect, is it your recollection that there were substantial differences, that there were minimal differences? Do you have any recollection along those lines?

A I don't recall substantial differences.

Q Between your conversation with North, Fortier, and Rodman in March of 1986 and the time you left on the plane, did you have any conversations with Colonel North about the structure of the transaction that would take place?

I am sorry. Let me ask you another question.

I think I may have asked too much. When did you first learn that your trip to Tehran would also include a delivery of Hawk spare parts?

A To the best of my recollection, it was in Israel that we were told that it would actually be on the same plane.

Q Let me ask that question [illegible] broadly: Having asked it in the context of Hawk spare parts, it may not have been very clear. When is the first time you learned your trip would also be in conjunction with the delivery of weapons or weapon systems?

A I believe McFarlane and I had one meeting with North sometime in April -- and I don't recall the date, but it could probably be determined -- where North discussed in some -- with some specifics for McFarlane how he saw the sequence evolving and that is what is in the document that I received that was dated August 4 that we think is the one you are referring to, some of these things were laid out there.

Q Do you recall in that conversation any discussion of the financing of the deal?

A No.

MR. VAN CLEVE: Before you go on, I believe you said August. I think you may have meant April 4. You did mean April 4?

THE WITNESS: The April 4 document.

BY MR. EGGLESTON:

Q Between March of 1986 and, say, November 25 of 1986, did you ever have any conversation with Oliver North about the financing of the May transfer of weapons to Iran?

A The only thing I heard him say was that the -- Ghorbanifar and the Iranians were having trouble coming up

CAS-28 with the money that they needed to in order to complete their part of what was necessary for other stages to proceed.

Q Do you recall when that conversation was or when you heard Colonel North say that?

A I believe it was in this discussion with McFarlane.

Q In April of 1986?

A Sometime in April.

Q You don't recall any other conversation with him about the diversion, about the financing?

A No. I was never involved in the financing, any of the technical aspects of this.

Q And similarly, did you have any conversations with Mr. McFarlane about the financing?

A I never discussed that with them.

Q Just so the record is complete, did you have any conversations with Admiral Poindexter about the arrangement?

A I never discussed it with Admiral Poindexter either.

Q Do you recall anything else about the conversation that you participated -- that you attended between North and McFarlane in April of 1986 about the way the deal would go down?

A The way the deal would go down?

Q I am sorry. The way the transaction would be structured?

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A By that, you are referring to the visit and the delivery?

Q Yes.

A The one other interesting thing that stuck out in my mind was whether the Israeli Nir would accompany us or not which I viewed as a policy issue. I strongly recommended against his participation. I don't recall exactly, but McFarlane seemed to say he didn't have a strong view one way or the other, but he was willing to think about it.

Q Did you know Mr. Nir?

A I had met Nir in the summer of 1985 during the TWA highjacking affair.

Q As of the time of the conversation with Mr. McFarlane, did you have any knowledge about Nir's role in the initiative, the Iranian initiative?

A North had told me that he had become the Israeli point of contact.

Q There comes a time when you actually leave for Tehran. Do you remember when that was?

A It is all in there. I think it was Friday, May 23, 7:30 in the morning, something like that.

Q I am not going to take you through that trip. You have done memoranda on it. It is in the Tower Commission I think it would be a needless waste of time.

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A Thank you.

Q Because there are a lot of other sources for that information. I would like to ask some questions about whether various things were discussed.

I think you can probably guess what they are. Unless you find this difficult to answer this way, I am really talking about during the course -- I am going to ask a series of questions about things that may have been discussed during the course of all the discussions that were held with the Iranians over the several day time period.

And then I would like to ask you about whether various things were discussed separately just among the Americans, not in conversations with Iranians. Do you understand where I am going here?

A Yes.

Q When I first say was such and such discussed, I mean with the Iranians unless I neglect to make that clear.

First, with the Iranians, do you recall any discussion whatsoever about the financing of the transfer of arms in May of 1986?

A No.

MR. BENNETT: Let me make an observation. I will let him answer over my objection, but he has given these detailed memoranda. I think they would be the best evidence of what was discussed.

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He was actually the note taker of what was discussed at all those meetings. That is really the best evidence of what occurred at those meetings.

MR. EGGLESTON: I understand.

THE WITNESS: To the extent that I heard any discussions between Americans or Iranians, I heard nothing relating to financing.

BY MR. EGGLESTON:

Q Do you recall at any time the subject of Nicaragua coming up in the conversation?

A No.

Q Do you recall any discussion of [redacted]?

A Yes.

Q What was the discussion you recall about [redacted]?

A It is dealt with in detail in my notes.

Q Generally, what was it, as best you recall today?

A Again, I mean I don't see what is served by getting into a general recollection.

MR. BENNETT: If you remember, over my objection, you can answer it. If you don't remember --

THE WITNESS: Okay.

MR. BENNETT: -- refer him to the notes and stand on your notes. Don't guess.

[redacted]

[redacted]

MR. BENNETT: Mr. Eggleston, I am sure you know the pages by heart, but page B-112 through B-119 contain the notes of Mr. Teicher.

BY MR. EGGLESTON:

Q I did not know the page numbers by heart.

MR. BENNETT: B-112 through B-119.

MR. EGGLESTON: I thank you for that.

MR. BENNETT: He is happy to review them if you want this stuff on the record. I am a little troubled about on such an important issue that he be generalizing on something where specifics are so important.

MR. EGGLESTON: Right. I think the record is fairly clear I am asking what he today recalls about those conversations. His recollection may be better in certain areas than it was then, maybe things were not in the notes that were discussed.

I think I am entitled to know if things were discussed that are not in the notes.

MR. BENNETT: I will allow him to answer over my objection.

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BY MR. EGGLESTON:

Q I sort of lost my train of thought.

A You asked me --

MR. BENNETT: No. No. I want to be helpful here. Answer his questions. Don't tell him what his questions were.

BY MR. EGGLESTON:

Q Was there any -- let me get my train back.

You returned from the trip to Tehran and the President is briefed. Did you participate in the briefing of the President?

A Yes.

(Discussion off the record.)

BY MR. EGGLESTON:

Q The Tower Commission has reported that according to Mr. McFarlane, Oliver North told Mr. McFarlane "on the tarmac at the Tel Aviv Airport after the trip to Tehran in May of 1986 that 'This Government is availing itself of part of the money (from the Iranian initiative) for application to Central America.' "

Were you present during that conversation?

A No.

Q Did Colonel North ever say anything about the Government availing itself of part of the money from the Iranian initiative for application to Central America during

CAS-34 the course of that trip?

A No.

Q Any time from May of 1986 to November 25 of 1986, did he ever say anything to you about part of the money from that transaction going to Central America?

A No.

Q After returning from the trip, I think you indicated that the President was briefed, and I know you have testified about this. I am not going to go into it in any detail.

Again, was the President briefed on the financing of the transaction?

A No.

Q Did you remain active in what has now been called the Iranian initiative after returning from Iran?

A No.

Q In July of 1986, another hostage was released. Did you have any role -- how can I phrase this? Did you have any role in the release of that hostage? Did you have negotiations or discussions about how to get him released during the summer of 1986?

A No.

Q Did you know whether conversations with -- and negotiations with the Iranians were continuing through the summer of 1986?

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A I was not aware of what was going on.

Q There is another transaction which takes place at the very end of October of 1986 where an additional 500 TOWs was shipped from Israel to Iran at or about the time that that transaction took place -- and when I say "about", I mean prior to the early November story in the Beirut newspaper -- were you aware that that transaction had taken place?

A No.

Q There comes a time when the story is released, and there is a story about the Tehran trip released in the newspaper -- or excuse me, that Beirut magazine. I think it was a magazine, not a newspaper. That takes place, as I recall, in early november of 1986; is that correct?

A Yes.

Q Sometime in the middle of November, the President makes a speech to the Nation. Did you have any role in the preparation of materials for that speech?

A Yes, I did.

Q And what materials was it that were prepared for that speech that you had a role in preparing?

A His remarks.

Q And who was the principal drafter, if you know, of his remarks?

A Colonel North.

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Q And what role, if any, did you have?

Did you review it?

Did you participate in it? In what fashion?

A Along with several other people, I was asked to comment on it, perhaps make inputs, deletions, what I would call normal staffing responsibility for presidential remarks. Speechwriters were also involved, official speechwriters, I believe Pat Buchannan was involved. I am sure Don Regan was involved. John Poindexter, Alton Keel, Bud McFarlane, Greg Coy, Bob Earl. I do not know whether people from other agencies were involved or not.

Q Did you see the initial draft? Did Colonol North release the initial draft? Did he prepare the initial draft of the remarks, if you know?

A I believe he did.

Q Did you see the initial draft that Colonel North prepared?

A I am not sure I saw the initial draft or not.

Q Were you -- you have given a list of a number of people who have -- who had some role or who had read the speech or whatever. Were you one of the principal people responsible for preparing the President's remarks?

MR. BENNETT: What do you mean by "principal"? That means -- that may mean one thing to you, one thing to me, and ten other things to ten other people. I would prefer if you asked him what his role was.

BY MR. EGGLESTON:

Q What was your role?

A As I described it.

Q Did different people have different degrees of participation in the preparation of the remarks?

A I am sure they did, but I don't believe that I can assess who wrote how many words or paragraphs or pages.

Q You would know whether you were one of the two or three people in the room with Colonel North going over the successive drafts or whether you were a person who saw it once and didn't see it again?

A I saw it more than once.

Q Did you actually make changes to the draft?

A I am sure I did.

Q Did you participate in the conversations with Colonel North about the draft?

A I am sure that we talked about it.

Q Do you recall what it was that you discussed with him about the draft?

A No.

Q You don't recall?

A (Indicating.)

Q The speech, as I recall, then led quite quickly to a press conference, is that your recollection? I will delete quite quickly.

A I don't recall the exact dates. I am sure you can.

Q Within several days after the speech, there was a press conference?

A Yes.

Q Did you also participate in the preparation of the President for the press conference?

A I helped prepare a couple of questions and answers.

Q Do you recall which questions and answers you prepared?

A No, I do not.

Q Do you recall the areas that you were asked to --

A What I would have written about or contributed to would have dealt with the general Middle East subjects, general issues relating to U.S. interests in Iran. That sort of material as well as things relating to the trip that I participated in.

Q You indicated that you also participated in the preparation of the chronology?

A (Witness nodding head.)

Q Were you assigned by someone to participate in the preparation of the chronology?

A Admiral Poindexter.

Q Who else was assigned to participate in the preparation of the chronology?

A Colonel North was given the primary responsibility and I believe the CIA was asked to contribute. But it was Colonel North's action.

Q And how was the chronology prepared?

A How was it prepared? Different people over a period of time worked on different parts of it.

Q Did you work on any part of it other than the parts about which you had direct knowledge?

A No.

Q Which parts of it, if you recall, did you participate in?

A The first part, which at least with the version that I worked on dealt with the importance of Iran in global terms, relationships that other countries have with Iran and their recommendations to us that we work with them. The Soviet dimension, some research on the consequences of Brzezinski's meeting with Buzargon in Algiers and the sensitivity of arms to U.S./Iranian relationship. General Iranian/U.S. issues.

Q Did you also participate in the preparation of the part of the chronology with your trip?

A I looked at that. I don't believe that I had much of an input to it. But I did look at that.

Q The Tower Commission Report indicates that there was a dispute about a particular section of the report or of the chronology and that is the section dealing with August -- July/August of 1985 and a dispute relating to what the President knew, when he knew it. Did you have any role in the preparation of that part of the chronology?

A No. I did not.

Q Did you participate in discussions about how that part of the chronology should be drafted?

A I did not participate, although I heard people talking about it.

Q Who did you hear talking about it?

A Mr. McFarlane, North.

Q Did you hear that on one occasion or more than one occasion?

A I reall don't recall.

Q As best you recall, what do you recall them discussing about that issue?

A Just that they had to write it up and that -- they were searching for the words to characterize how it had been decided and when I saw it, afterwards, I was struck by the careful drafting that I saw that didn't say the President had approved it, but said that Israel would be re-supplied and one can interpret things various ways. I had no direct knowledge of that.

Q Did you ever discuss with Colonel North the careful way in which it had been drafted?

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A No.

Q Or with Mr. McFarlane?

A No.

Q Or with Mr. Poindexter?

A No.

Q On November 21 of 1986, Mr. Casey testified before various Senate and House Intelligence Committees. Were you aware that he was going to testify before the Intelligence Committee?

A Probably, but I don't recall exactly.

Q You participated in the briefings of the congressional leaders; is that correct?

A No, I did not.

Q You did not?

A No. If I recall it was only Admiral Poindexter. But I did not participate, so I don't know who actually physically was in the room, but it was not me.

Q Between November 21 -- between November 20, 1986, and November 25, 1986, did you have occasion to see Colonel North?

A I am sorry. Could you repeat?

Q November 20 of 1986 and November 25 of 1986, did you have any conversation with Oliver North?

A I am sure I talked to him at one point or the other.

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Q Let me just for your information, in case these dates are not in your head, November 25 was the day of the Meese press conference.

A The 25th?

Q The 25th. It was the day that North was fired and the day Poindexter resigned. It was a Tuesday. Did you work over the weekend, if you recall, the weekend of the 22nd and 23rd?

A I don't believe I went in on that weekend.

Q Do you recall whether or not you spoke to Colonel North on the 24th, Monday the 24th?

A I don't believe I did.

Q Do you know whether you spoke to him on the 25th?

A I think I saw him briefly at the staff meeting that morning or after the staff meeting.

Q And do you recall what occurred at the staff meeting?

A No.

Q Was there an announcement -- this is Tuesday the 24th now?

A I believe so. Yes.

Q Was there an announcement at the staff meeting that Colonel North had been fired?

A No.

Q Did Admiral Poindexter attend the staff meeting?

A I don't recall.

Q Since November 25 of 1986 to the present, have you had any conversations with Oliver North?

A I bumped into him on the street and said hello.

Q Did you have any additional discussion other than saying hello, how are you doing?

A No.

Q Have you had any conversation since November 25, 1986 to the present with Admiral Poindexter?

A Rather a brief photo opportunity he held with all members of the staff to say goodbye.

Q And again I take it the conversation --

A Strictly --

Q -- was at the chit-chat level?

A Yes.

MR. EGGLESTON: Let me mark these -- let me not mark these.

BY MR. EGGLESTON:

Q Before I mark these, are these your notes?

MR. BENNETT: You are handing him a 25-page document. I am not complaining about that. He is ready to answer --

BY MR. EGGLESTON:

Q Let me ask you to look at page one of the document. Do you recognize whether [illegible] that is your handwriting?

A That is not my handwriting.

Q Okay. Then that is enough. Then I will ask you not to look at the rest of it and I will take it right back.

Do you know whose handwriting it is?

A No.

MR. EGGLESTON: Cut out some questions.

(Discussion off the record.)

BY MR. EGGLESTON:

Q I take it you have a PROF system in your office?

A Yes.

Q Did you have a method of communicating directly with Admiral Poindexter through the PROF system?

A No.

MR. BENNETT: I can see why you are asking that question.

BY MR. EGGLESTON:

Q Is there a secret cache of PROFs you would like to reveal to us? You don't have to answer that.

A I should just say --

MR. BENNETT: There is no question pending.

THE WITNESS: No question pending. As a follow-up, just for the record, if Poindexter sent anyone a note, a question, you could reply directly to him. But I had no system. I didn't want to give you the question no one could ever communicate directly.

If he sent Neil Eggleston a note, Neil Eggleston could reply without it going through someone.

BY MR. EGGLESTON:

Q If he sent me any note, if he sent me a note that said "let's go to lunch tomorrow", could I then always use that note and respond to him directly? Do you know what I mean?

A You could store it --

Q The computer doesn't know why --

A Theoretically you could.

Q I take it, though, to do that without authorization would be a pretty gross abuse of the system?

A I think at a certain point you would --

Q Lose your PROF rights?

A He would tell you to stop it.

MR. EGGLESTON: I don't think I can release these to you. I will show it to you. You can read it fully. But just because we are in a deposition status, I am not going to give you this note when this thing is over. For whatever it is worth, may I have this marked HT-2.

(Whereupon, the document referred to was marked for identification as HT-2).

BY MR. EGGLESTON:

Q Let me show you what has been marked HT-2 with today's date.

A I am trying to remember who SGB was. Yes.

Q Do you recall sending that note?

A Well --

Q I don't care about that. Do you recall the general subject?

A Yes. The Swiss number two from their foreign ministry, I believe Alway Bruenner was in Washington for an official visit for some reason or other. I believe he was going to meet, to the best of my recollection, with Dr. Keel and Tyrus Cobb, NSTC here, was the action officer for the meeting. He asked me for input to his briefing memorandum that he was preparing for Dr. Keel regarding Switzerland and Iran.

Q What problem had arisen with Switzerland as a result of Iran?

A There was no problem. This was actually a flattery talking point, stroking, we would say.

Q Okay.

A Telling them what a great job they are doing as our protective power, we really need you guys, we know times are hard, but we want you to hang in there and keep working with us.

Q As of the date of this memorandum, did you know that Swiss bank accounts had been used in the financing of the arms transactions?

A No.

Q So nothing in the document -- excuse me -- with relation to Switzerland, has anything to do with the use of Swiss bank accounts?

A No. Not at all.

(Whereupon, the document referred to was marked for identification as HT-3.)

BY MR. EGGLESTON:

Q Let me show you --

MR. BENNETT: These will, however, be attached to the deposition.

MR. EGGLESTON: Yes.

MR. BENNETT: So when he reviews it -- he has five days to review it?

MR. EGGLESTON: Yes.

BY MR. EGGLESTON:

Q What is that -- let me ask you. Just so there is a question on the record. Let me show you what has been marked HT-3. Do you recall sending that PROF?

A Yes.

Q What does it refer to?

A A memorandum being prepared, I believe -- it was a response to a proposed input from Colonel Earl relating to this memo, system 290784 that I was drafting which was to prepare the President for a meeting with his national security planning group regarding what we might do, I mean -- it was a very straightforward memo. One suggestion that North made was that Bush should go to the Middle East as a special envoy to, you know, soothe people, et cetera, et cetera.

To the best of my recollection, this is what I was responding to and I was a little bit taken aback, ergo, "wants this hummer" to be the one to have to tell the Arabs how we love them.

I am sure you could get that system two memo and see that was the meeting with the President.

MR. BENNETT: Do you have objections to him seeing these other memos?

MR. EGGLESTON: Actually, I do.

(Whereupon, the document referred to was marked for identification as HT-4.)

BY MR. EGGLESTON:

Q Let me show you what has been marked HT-4. I ask you and your counsel to read it.

A Yes. Your question is?

Q My question is that memorandum, that PROF note makes a reference to notes which were in your possession which you were not immediately going to provide to whomever it was who was asking for them?

A Right.

Q Did you ever provide those notes?

A Yes, I did.

Q That is the extent of my question.

Do you know a man by the name of [redacted]?

A Yes. I do.

Q I take it you were involved in a project with [redacted]?

A That is correct.

Q I am not going to ask details about that project with [redacted] except to ask you did your project with [redacted] have anything to do with the Iran initiative?

A To the extent that I am aware or that I was involved, it had nothing to do with the Iran initiative we have been discussing today.

[redacted]

Q Did it have anything to do with the contras?

A It had nothing to do with the contras.

MR. EGGLESTON: I will leave it at that.

BY MR. EGGLESTON:

Q Let me ask you questions about the contras. I anticipate from what you have said earlier your response to these questions will be no, but just so the record is clear, I am going to go ahead and ask them.

I am asking about your knowledge of various people and various organizations and companies prior to November 25 of 1986. I am not interested in anything you might have learned from reading in the newspaper which is why I am using that as a date. So up to the time period, say, November 25 of 1986, had you ever heard of Lake Resources?

A No.

Q Had you ever heard of a company called Udall? U-d-a-l-l?

A That is the first I heard of it right now.

Q There is a company called Hyde Park Square Corporation?

A No.

Q A company called Toyco?

A No.

Q Ever heard of a company called Dolmy Business?

A No.

Q Let me ask you about some individuals. Do you know a man by the name of Carl Channell, whose nickname is Spitz?

A No. I am assuming you are continuing this prior to the revelations?

Q Yes.

A In November? No. I had never heard of Mr. Channell.

Q I am not interested in whether or not you have read about Channell in the Washington Post since then.

A Since.

Q Did you know a man during this time period by the name of Richard Miller?

A No.

Q A company called International Business Communications?

A No.

Q A company -- a man named Robert Owen?

A No.

Q Did you during this time period know a man by the name of Richard Secord?

A Yes.

Q How did you know Richard Secord?

A I met Richard Secord in 1981 when he became my supervisor at the Department of Defense as the Deputy Assistant Secretary of Defense.

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Q Was he your immediate supervisor?

A No. There was an office director inbetween us.

Q When is the last time that you spoke with Mr. Secord?

A I saw him briefly in November when he was in North's office working on something relating to this affair.

Q Do you recall approximately when it was in November? Since you are not going to remember the day, I suspect, maybe with reference to the speech, the press conference. If you don't recall the day, it might be helpful to place it with regard to an event, if you can.

A I believe it was in relation to the preparation of the chronology.

Q Did the preparation of the chronology take place after the President's speech?

A No. I believe it took place over a period of weeks, leading up to the speech.

Q It continued, though, after the speech?

A I don't know.

Q If you know?

A I don't know.

Q So it is your recollection that Mr. Secord was in Mr. North's office prior to the President's speech?

A Yes.

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My answer is, yes, he was in his office. I couldn't say that it was specifically before, during, after the speech, but I believe it was in relation to the preparation of the chronology.

Q And did you speak with him on that occasion?

A I think I said hello.

Q No more substantive conversation?

A No substantive conversation with him.

Q Did you see him in Colonel North's office during November of 1986 on more than one occasion?

A I might have seen him there one other time.

Q During November of 1986?

A Yes.

Q How amy times in 1985 and 1986 did you see-- first see Richard Secord?

A I don't recall seeing him at all in 1985. In 1986, I first saw him in Tel Aviv.

Q This was in May?

A May. Both coming and going. That was aside from this very limited encounter in November that I mentioned before. I don't recall any other meetings with Secord.

Q Did you ever--starting with 1986--did you ever speak to him in 1985?

A You mean like by the phone?

Q By the phone or something.

A No.

Q In 1986 by the phone?

A No.

Q Did you otherwise see him?

A No.

Q And just so that I am clear, how about 1984, either see or speak to Secord?

A I don't recall seeing him.

Q Do you know a man by the name of Robert Dutton, D-U-T-T-O-N?

A No, I don't.

Q Richard Gadd?

A No.

Q John Cupp, C-U-P-P?

A No.

Q Edward De Garay, E. Garay?

A No.

Q Do you know a man by the name of Felix Rodriguez?

A No.

Q Rafael Quinteros?

A No.

Q Ramond Madena?

A No.

Q In 1985 or 1986, were you ever in Central America?

A No.

Q During the period of time that you were assigned to the SC or working at the NSC, did your responsibilities ever include Central America?

A No.

Q In 198--other than--excuse me.

Did your work for the National Security Council require you to travel to Europe?

A Only in relationship to MiddleEast activities.

Q Have you ever been to Lisbon?

A Only on personal vacation.

Q Were you in Lisbon in 1985 or 1986?

A I guess it was returning from a personal holiday in Morocco. We transited Lisbon in December of-- well, it must have been 1984. It must have been December of 1984.

Q Do you know a man--

A It was strictly a personal holiday with my family.

Q Do you know a man by the name of Tom Clines?

A No.

Q Have you ever heard of a company called Defex, D-E-F-E-X?

A No.

Q Other than the occasion when you went to Tehran in an airplane carrying weapons, to your knowledge, have you had any other involvement in the transportation of weapons to Iran.

A I would suggest for the record that what was on the plane was electronics spare parts, which you may choose to describe as weapons, but I would not.

Q Okay.

A To the rest of your answer, no.

Q Do you know of a company called Stanford Technology?

A Again returning to the assumptions you laid out, no. No, I was not aware of Stanford Technology.

Q Are you--and again this is during the time period, and I am almost done--during the time period prior to November of 1986, did you have any knowledge of a company called Southern Air Transport?

A No.

Q Did you have any involvement either in 19--

A Well, I think that the Hasenfus affair occurred in October. That is when the first word of Southern Air Transport was made public. So I would say at that point in time, in October, I heard of Southern Air Transport for the first time.

Q Have you ever been in the United States Air Force Base in Lisbon?

A No.

Q Have you ever been involved in transporting radar tubes to Iran?

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A Radar tubes?

Q Yes. Sounds a little specific, doesn't it? No, I take it?

A No, to the best of my knowledge. I don't know whether they--there were radar tubes in the crate on the plane. To the best of my knowledge, no.

Q Let me take a second to look over my notes. I think I am done asking questions.

(Discussion held off the record.)

MR. EGGLESTON: I have nothing further.

BY MR. VAN CLEVE:

Q Off the record.

(Discussion held off the record.)

BY MR. VAN CLEVE:

Q Ready to proceed, Mr. Teicher?

A Yes, sir.

Q I have a series of questions that are all connected in a general sort of way, and I hope they will help me with this because I am not very familiar with some things that I think you are quite familiar with.

I guess I would like to start off by talking about the general process that is used to prepare special national intelligence estimates.

Again, if I ask a question that you think is missing something obvious, or has a faulty premise, I hope you will just tell me. I really don't know very much about this process, but it is my general understanding that periodically the Central Intelligence Agency issues National Intelligence estimates.

A Yes.

Q How often are those done?

A I don't know.

Q Roughly how often would they be done?

A It depends on the issue and the request that might come from the Director of the CIA, the State Department, the Secretary of Defense, the President, the NSC advisor.

Q How many might there be in an average year? You read a number of these things, I am sure.

A I have read those that deal with the Middle East. I honestly don't know what the global--

Q Take the Middle East, for example.

A There could be anywhere from three or four to 10. Some long, some short.

MR. BENNETT: Off the record.

(Discussion held off the record.)

MR. VAN CLEVE: Back on the record.

BY MR. VAN CLEVE:

Q So in the case of the Middle East, my recollection of your answer to my last question was there are sometimes

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three to four to 10 national intelligence agency estimates issued in any given year?

A I hope the record shows I honestly don't know what the exact numbers are.

Q I am looking for an approximation.

A Several a year.

Q In the case of a special national intelligence estimate, during the time you spent at the NSC in the Middle East directorate, which I gather was a period of about roughly four years, how many of those were prepared on the Middle East?

A I really don't remember.

Q Can you say whether it was more than two?

A I am confident there were more than two, but I would be guessing.

Q More than 20?

A I don't know.

Q Can you tell me with respect to the process for the preparation of special national intelligence estimates--which I will call SNIEs from now on for the reporter's sake--is the process by which those are prepared? Is there one general process?

A I would respectfully request that you ask the Intelligence people what the correct procedures are, because I am not familiar with the exact procedures.

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Q Again, please help me out here. I thought that you said earlier that they were sometimes issued as a result of a request from the NSC; is that correct?

A That is correct.

Q Is that the only way in which they are prepared?

A I believe that other departments can also ask that SNIEs be prepared.

Q If you know, is it generally the case that someone makes a request for their preparation, an agency makes a request?

A I am not sure whether the intelligence community itself cannot because of its perception of the problem, generate a SNIE as well as wait for requests from other agencies. Again, I would refer you to the experts in the intelligence community. Whether it is State, NSC, CIA, there is a national intelligence officer for estimates.

It might be useful for you to call him down to give--

MR. BENNETT: Excuse me. Just answer his questions, if you know or don't know.

THE WITNESS: The national intelligence officer for estimates would know better than anyone.

BY MR. VAN CLEVE:

Q Thank you for that. I appreciate that.

My understanding is that in late August of 1984, I believe you testified that the National Security Council requested such a SNIE with respect to Iran; is that correct?

A I don't believe that is what I said. I believe it was a national intelligence estimate in the summer or fall of 1984 that was prepared and in the spring of 1985, we requested an update which led to the SNIE.

Q Were you at all involved then in the fall of 1984 with the national intelligence estimate that was prepared at that time?

A No.

Q Excuse me?

A No.

Q No.

As a general matter, if a national intelligence estimate that fell within your general purview-- the subject matter of which would fall within your general purview at the NSC was being prepared, would you be consulted during the course of its preparation?

A Not necessarily.

Q But on occasion were you consulted?

A On occasion, yes.

Q During the preparation of the 1984 national intelligence estimate on Iran, were you consulted?

A No.

Q Were you involved with a request in the spring of 1985 for an update on the 1984 national intelligence estimate?

A Yes.

Q Could you please describe your involvement in making the request for the update?

A The request was staffed, I believe, by Mr. Canestrero, and I don't recall the specifics of discussion we had relating to it, but as the intelligence officer, it was his responsibility.

Q If I could translate that into what I understand you said into English, you would not have been directly involved in making the request to the CIA?

A That is correct.

Q You would have gone to Mr. Canestrero and said, "We would like such an update. Could you please arrange to have it done?" Is that basically the way it would have happened?

A Yes.

Q Is that the way it in fact occurred with respect to this update?

A To the best of my recollection.

Q I see. Did you, yourself, then have any feelings with the CIA during the preparation of the update?

A I spoke only with Graham Fuller.

Q Who is Grahum Fuller?

A The national intelligence officer for the Middle East.

Q Could you describe--and I apologize. I just don't know--the function of a national intelligence officer for a particular area, such as Graham Fuller? In general terms.

A I have never fully grasped the structure of the national intelligence officers and their relationships with the regular intelligence and analyses or operational directorates, so again I think you are better off asking someone else.

Q But you do know Graham Fuller.

A Oh, yes.

Q And you did deal with him at the time that the update for the national intelligence estimate was being prepared in the spring of 1985?

A We had intermittent discussions about Iran and his memorandum, his ideas.

Q Was this--excuse me. You weren't finished.

A That were prepared in the course of interagency work on the question.

Q Let me back up just very briefly. Was ~~[illegible]~~ Graham Fuller involved in the interagency review of Iran that took place during 1984?

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A I believe he was.

Q Did you deal with him at that time?

A I dealt with him at that time more on Syria, Syrian matters relating to the situation in Lebanon. But I am sure I also spoke with him about Iran.

Q And so would you have had occasion to discuss the NSDD that was prepared at the end of 1984, with Mr. Fuller?

A The NSDD-- you mean the State Department produced version?

Q Yes.

A We may have discussed it. I don't recall.

Q At that time or later?

A Later 1984, early 1985.

Q As I believe you are aware, we have received a copy of a memorandum written by Graham Fuller and dated May 17, 1985 to the Director of Central Intelligence. To your knowledge did you discuss that memorandum with Mr. Fuller prior to its preparation?

A Yes.

Q And can you tell us the nature of those discussions in as much detail as you can recall?

A We discussed the problems and vulnerabilities of policy and the limited leverage that we had in the event that a succession struggle developed in Iran, and he proposed that based upon his analysis of the situation, one

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step, which might give us some leverage in the future would be permitting other countries on a limited basis, case by case basis, to make arms available to the Iranians as a way to give them the sense that other countires besides the Soviet Union existed as alternative sources of supply. And, Graham suggested all this to me.

I said that is all very interesting, but I believe for the integrity of the process, the CIA should write this down if you think it is appropriate and distribute it, which he did.

Q Was there any further discussion at the time?

A No.

Q If you know, did Mr. Fuller come to you to discuss this matter?

A We discussed it in my office.

Q In your office?

A I think he came tome.

Q Did he make an appointment to see you?

A Yes.

Q I see, and about when would this have been?

A I don't recall exactly when. March, April-- perhaps in May.

Q of 1985?

A Yes.

Q Was there any other discussion at that meeting other than what you have just described for us?

A No. We might have had another discussion about other things that we saw happening vis-a-vis Soviet-Iranian relations, Soviet activism, but a general analytical discussion is what I would describe it as.

Q Prior to that meeting, do you believe Mr. Fuller would have been aware of your general views on this subject?

A Yes, I may have been.

Q So when he approached you to discuss the subject further in the spring of 1985, what was his purpose? What did he ask you to do?

A I believe his purpose was to work with me to try to find ways that we could improve our leverage in Iran in the event of a succession struggle and, therefore, be better positioned to compete with the Soviet Union for influence.

Q So the record is clear, this all took place-- this meeting and discussion you have described-- prior to Mr. Fuller's memo?

A That is correct.

Q And also prior therefore to the draft NSDD which was produced under cover of a memorandum June 17?

A That is correct.

Q I believe you said that as a general proposition you were not consulted during the preparation of national intelligence estimates; is that correct?

A That is correct.

Q And yet Mr. Fuller would have been involved in the process of preparing national intelligence estimate at the time of this meeting; is that correct?

A That is correct.

Q Okay. Did it strike you as unusual that he sought you out to have this discussion?

A No.

Q Could you explain that?

A We often discussed policy questions relating to the Middle East.

Q You say we?

A Mr. Fuller and myself, over a period of years.

Q So you knew each other reasonably well, did you?

A We had a strictly professional relationship that I think dated to when I joined the NSC staff.

Q I see.

A We would discuss policy matters as two interested Middle East analysts.

Q So you saw this meeting as part of a continuing sort of ongoing professional discussion?

A Yes.

Q At the time? I see. At that time or at any other time did you make any inquiries of Mr. Fuller with respect to what he might put in a memorandum of May 17, 1985?

A No.

Q Or with respect to what he might include in a national intelligence estimate?

A I do not recall making any requests of that type.

Q I see. And did he make any suggestions to you as to what you might have included in the draft national security directive?

A As we have discussed, he proposed, and I agreed that it was worth the consideration of the principles for them to review the notion of some limited arms sales as a means to convince the Iranians that there was an alternative to the Soviet Union.

That was a policy initiative.

Q At the time that the meeting you have referred to took place, would it be fair to say that you were both aware based on the interagency work that had been done during late 1984 that the State Department and the Defense Department were both strongly opposed to that policy initiative you just described.

A I would not generalize and say Secretary Shultz and Secretary Weinberger. I think there were probably analyists in both departments that didn't totally agree with the views of their principles. But as the guidance was laid down by Shultz and Weinberger, we understood where they were coming from, yes.

Q Would it further be fair to say that you and Mr. Fuller both saw that issue differently than either the Secretary of Defense or the Secretary of State?

A I don't believe it is proper to compare me with the Secretary of State or the Secretary of Defense. Fuller and I believed this was a principle potential lever that we should be--that we should apprise our superiors of. Whether they agreed with this or not, we also-- and I certainly have always felt that as an analyst, I had to be honest about what I thought made sense.

Just because the principals disagreed did not mean that you shouldn't put before them the pros and cons of potentially disagreement alternatives.

Q So to have this clear in my mind, would it be fair to say that you took the view that this was an issue that was important, that even though it appeared you would run into opposition from a couple of cabinet level officials, that it should be pursued to a decision and, in effect, a higher policy-making level?

A That is correct.

Q This process was a way of getting that done.

A This was a formal correct process involving different agenices on a close hold basis.

Q Mr. Fuller agreed with that basic approach of pursuing it through this process?

A As far as I am aware.

Q I believe you said you have read the Tower Commission Report?

A Yes, I have.

Q Let me just quote briefly from the report. You are welcome to look at the language that I am about to read for the record if you need to refer to it. It is on page B-8. It is in the first column. About in the middle of that long paragraph in the middle of the page, this is a--apparently a PROF note from Don Fortier to Mr. McFarlane, dated May 28. In the middle of the page it says, "we also just got a bootleg copy of the draft SNIE."

Were you aware that the NSC had received what Mr. Fortier refers to as a bootleg copy of the draft SNIE?

A Yes.

Q Is it common for the NSC to receive bootlegged copies of draft SNIEs?

A I don't know whether it is common or not.

Q Have you ever before seen a draft SNIE?

A Yes.

Q On how many occasions?

A I really don't recall.

Q Would you say that you have seen bootlegged copie of draft SNIE's often enough so that it is not unusual?

A Yes. it is not unusual.

Q Not unusual? Okay.

You were aware at the time that you received a bootlegged copy of this draft SNIE on Iran; is that correct?

MR. BENNETT: Could I ask--I just want to be sure that you are using the word, "bootlegged," the same way he is, the same way that Mr. Fortier is.

MR. VAN CLEVE: I will be happy to try to define it.

MR. BENNETT: No big deal. I just want to be sure.

MR. VAN CLEVE: In general when I use the word, "bootlegged," what I mean is that you received a copy prior to its formal distribution to the people to whom it would normally be distributed?

THE WITNESS: That is a fair description.

BY MR. VAN CLEVE:

Q Was that the case with respect to this draft SNIE?

A In this case, I believe it was -- the pentultimate version of this SNIE in double-spaced form.

Q So I think the answer is, yes. This was a bootlegged copy, using the definition I just described?

A Yes.

Q Thank you. Mr. Fortier goes on to say, "We worked closely with Graham Fuller on the approach. I think it is one of the best yet."

When he says, "we," worked closely, who is he referring to there?

A I believe it is to himself, me and Graham Fuller.

Q Can you tell us anything else for the record about the reference that we worked closely with Graham Fuller on the approach, other than the meeting you have already described for us?

A No. I think that sums it up.

Q I see. So if I understand you correctly, then you didn't have any other conversations or meetings with Mr. Fuller about the draft SNIE except the one about which you have already testified?

A I may have talked to him about it on the phone, but I only recall meeting with him at length to talk about the subject of Iran and the SNIE once or twice as I described.

Q Well, my recollection is we only talked about one.

A One basic meeting with him. He came, called on me, we talked. I said, as I said before, but I certainly--we had a secure phone. It is possible we talked on the phone about it.

Q On one occasion?

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Q I don't remember.

Q But would you recall whether it was on more than one occasion?

A I honestly don't remember. Graham and I talked about many subjects often.

Q Mr. Fortier says somewhat further on in that same PROF note, "I also think the Israeli option is one we have to pursue, even though we may have to pay a certain price for the help."

At the time would you have had any knowledge about what Mr. Fortier was referring to? This is as of late May 1985?

A I don't know what exactly he is referring to here, no.

Q But at the time, would you have had any knowledge about something called an Israeli option in connection with this?

A No. I was not aware of an Israeli option in connection with Iran.

Q He goes on to say, "I am not sure, though, we have the right interlocutor." I take it you would not at that time have been aware of what that reference was to?

A That is correct.

Q Could I ask you to refer to page B-6 of the Tower Commission Report?

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I would like to ask you to refer to a footnote down at the bottom of page B-6 and just please read that footnote if you would, to yourself and tell me when you have finished reading it.

A Yes.

Q You will notice there is a bracketed interpolation that was inserted by the authors of the Tower Commission Report. I wonder if you could tell us whether or not in your view that is accurate.

MR. BENNETT: I am sorry. I am not clear.

MR. VAN CLEVE: Second line, on May 13, 1985, Fortier formed Poindexter that we have a brackets of the NSDD, question mark.

BY MR. VAN CLEVE:

Q Would that be a correct interpolation? Would that have been a reference to something else, if you know?

A I am not sure.

Q It goes on to say, "I asked Howard and Steve to rework it. I will give you a copy of what we have and the suggestions I gave them. We have also done a lot of additional work on outlining requirements for the SNIE."

This is only a few days before Mr. Fuller wrote his memo to the DCI on December 17. At this point in the process, why would the NSC be providing additional requirements for inclusion in the SNIE, if that process is near to being concluded?

A I don't know.

Q So you weren't involved in the process of outlining additional requirements for the SNIE?

A No.

Q Are you familiar with the term that is sometimes used to describe an intelligence estimate that may have been influenced by someone's view of a prefered policy outcome that the estimate has been cooked?

A Cooked?

Q Cooked. Have you heard that term used before?

A Yes.

Q Has it been used with generally the definition I just gave to it?

A Yes.

Q Can you tell me whether in your view this SNIE Iran prepared in the spring of 1985 was in any way cooked?

A No, I don't believe it was. I would refer you to this letter that was published in the New York Times the other day from Gates to Boren, which explicitly takes issue with the assertion in the Tower Report that it was cooked or that the NSC was involved in the drafting or coordination of the SNIE, that they welcome independent corroboration of the integrity of the estimate process that was involved in the preparation of this SNIE. So I do not believe it was cooked.

Q Thank you for that. I had not seen the letter to the New York Times.

A It was published in the New York Times, I believe, on Monday in their Washington page. It was a letter to Boren from Gates.

Q Thank you very much. We appreciate having that in the record.

During the period of mid June to mid July 1985, if you will recall the draft NSDD was prepared, circulated for comment, and then comments were received and I am not going to ask you to go back over a lot of your prior testimony on this point, but what I did want to ask you about was this.

After you received back the divided comments from the cabinet officers and had been told in your words to "stand down" from further work on the NSDD, the draft NSDD, was anything further said to you at the time about the course of policy on the issues that were the subject of the draft NSDD?

I don't want to put words in your mouth. Let me just leave the question that way.

A Could you elaborate on your question?

Q I gather you had a meeting with Mr. McFarlane at some point where you sort of reviewed the response, if I remember your testimony.

A I think what I said was I talked with Fortier and Poindexter. I don't recall talking with McFarlane directly on it.

Q You talked to Fortier and Poindexter?

A Yes.

Q If I understood correctly, they said they had gotten comments, that opinion was divided, and they wanted you to stand down from further efforts on the draft NSDD? Is that basically your testimony?

A Again, what I said and what I think is in the Tower Report was that I saw two alternatives. We could force the President to make a decision or we could do nothing.

Q What was their response?

A Not to prepare a draft decision memorandum for the President and to stand down for now.

Q Based on your previous experience with the NSDD process, when that sort of event occurs and no final NSDD is prepared or approved by the President, what is the effect on existing United States policy?

A Excuse me. There is no effect.

Q That is policy is supposed to remain the same as it was prior to the creation of the draft NSDD?

A As far as I am aware, there is no change.

Q Sowould it have been fair for a participant in the draft NSDD process such as yourself to assume at that point in the process that there was not going to be a change in the United States policy?

A Correct. That was my assumption.

Q Were you ever, after mid July of 1985, asked to prepare another draft NSDD on Iran?

A I don't believe so, no.

Q So from then up until November of 1986, so far as you knew, there had been no change in the United States policy toward Iran?

A Through November 1986?

Q Right.

A Well, I would say that in March of #/1986, when I learned of the finding, that clearly superseded--was clearly a new policy.

Q Okay. What was your reaction on finding that out in March of 1986?

A I really don't recall what my exact reaction was.

Q But might it have been along the lines of, "Gee, this seems inconsistent with what happened in July of 1985?

MR. BENNETT: You know--

MR. VAN CLEVE: I am trying to prompt his recollection.

MR. BENNETT: I object to him answering the question dealing with his reactions--might. It is awfully speculative.

BY MR. VAN CLEVE:

Q There was a meeting in March 1986 during which you were briefed on the covert action finding of January 17, 1986. If you recall, at the time of the briefing or shortly thereafter, did you have any thought concerning the connection between that covert action planning and the work you had done on the draft NSDD in 1985? If so, what were your thoughts?

A I don't recall what my thoughts were in that regard.

MR. VAN CLEVE: I think that concludes my questions. I want to thank you for your time and your helpfulness.

MR. EGGLESTON: I have nothing further.

BY MR. BENNETT:

Q Did you have anything to do with the decision to bring weapons to Iran when you made the trip in May?

A No.

Q Did you know weapons would be taken on the trip?

A No.

Q When did you first find out that there were weapons on the plane?

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A In Tel Aviv.

Q You have testified about a meeting in March in which you were brought back into the process, a meeting with Mr. Fortier and Mr. North; is that correct?

A And Mr. Rodman.

Q And Mr. Rodman. As best--to the best of your recollection, exactly what was discussed that you specifically remember?

A What I specifically remember and what was most significant for me personally was that I was told that if and when McFarlane went to Iran pursuant to the finding, that I would be going with him and that there had been other actions in the past relating to the provision of some TOWs and that the Iranians had used their influence to bring about the freedom of at least Benjamin Weir by that point.

Q To the best of your recollection, was there any discussion at that March meeting about the bringing of arms to Iran on the subsequent trip you would take to Iran?

A There was no discussion of that level of detail in the March meeting.

Q You made some reference earlier in your testimony to there being some general discussion about financing. Could you clarify for me what that was?

A As I have stated, I had no operational or

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mechanical or logistical role in this initiative. My role was strictly a policy person, a substantive resource. I do have some recollection of the relationship between paying for things and the next trip, but I had no specific detailed or anything more general than that, knowledge of the relationship between financing and other activities.

Q Do you remember who it was who mentioned financing or anything to do with financing? Was it you?

A It was not me.

Q Do you remember who it was?

A I believe it was Colonel North.

Q Do you recall whether the references were to future things or past things, if you recall?

A I believe it had to do with future things, but it is very vague. It was not anything that I had a responsibility for or anything that I worked on.

Q Did you at any time have-- play any role in the financing of arms to Iran?

A No.

Q Did you ever have any role in connection with the logistics of transfering arms to Iran?

A I had no role in the logistics of the transfer of arms to Iran.

Q Did you have any, in real time, any knowledge or involvement in any manner, shape, or form of the diversion of funds to the contras?

A No.

Q Reference has been made to this April--what is it, the April 4 memo?

MR. EGGLESTON: Undated. Probably around April 4.

MR. BENNETT: The undated memo, probably April 4. We all know what we are talking about.

BY MR. BENNETT:

Q You may have answered this earlier. When to the best of your knowledge did you see that undated memo that you can say, yes, I see that memo?

A In the hearing, the Senate Select Committee on Intelligence.

Q Did they let you read the memo at that time?

A No. So I am not sure that was exactly the memo that we are referring to.

Q What did you do after your testimony before the Senate Intelligence Committee, i.e., after their refusal of showing--giving you that memo or letting you even read it in the hearing?

A I made a formal request to White House Council to be provided with a copy of the memo which I believe I have been shown-- had been shown at that hearing.

Q And did you subsequently get what you requested--

you may know the question. But he has to--He doesn't know it.

Did you subsequently get what purported to be this undated memo of early April?

A Yes.

Q And have you had the opportunity of reviewing that memo in preparation for your testimony today?

A No. Regretably the NSC Council referred to make the arrangements that had previously been agreed upon to allow me to review that and other documents in preparation for this hearing.

Q When you--in fact, you reviewed that memo together with me in your office at the National Security Council; is that correct?

A That is correct.

Q Do you recall that that memo had attached to it something that we have referred to as terms of reference?

A The memo that we reviewed in my office? Yes.

Q Prior to that time, i.e., in your office, had you ever seen the terms of reference attached to any kind of memo such as the one of early April?

A No. Prior to that time I had not seen the terms of reference attached to any memo of that type.

Q So is it a fair statement to say that to the best of your recollection, while you may have seen some form of a term of reference prior to that time, you have no recollection of seeing the memo prior to that time other than at the Senate Intelligence Committee hearing where you couldn't read it; is that a fair statement?

A That is a fair statement.

Q I want to just clarify your involvement in preparing or participating in the preparing of a chronology. When did the first request come and from whom did it come that everybody was supposed to help prepare a chronology?

A The first that I knew of the request was at a meeting in Poindexter's office in early November. Without access to my notes, I can't be specific about the date when he made several assignments to people relating to this affair, and he assigned North responsibility for preparing a chronology and told him to involve anyone else who might be able to contribute.

Q Do you recall approximately how many people were in the office?

A For that meeting? When Poindexter--there were probably ten or eight people at that meeting.

Q How would you describe the process of putting together the chronology? How many people were involved? When did they meet? How did they meet? Can you clarify that?

A I can only provide what I was aware of, which I would say was fragmented and incomplete at best. I witnessed at one point--what I believed to be Secord and Cave in North's office working on it. This is what I referred to before when I said hello to General Secord. Coy worked on it. Earl worked on it. I believe Dr. Keil at one point worked on it. Mr. McFarlane, I believe spent a considerable amount of time working on it.

Q Can you estimate approximately how many people would have contributed to the chronology?

A I would estimate at least ten.

Q Mr. Teicher, when you made your--when you contributed your input to the chronology, did you at any time ever submit any informatin which to your knowledge was incorrect or misleading?

A No.

Q You said that at some point in time, at some point in time you # indicated that you saw something in a chronology, which you considered to be carefully drafted, I think, is the term you used.

What were you referring to?

A I was referring to the reference in the text to the President not having approved the August actions taken by the Israelis.

Q Did that deal with your input to the chronology?

A No. That had nothing to do with any of my inputs.

Q To the best of your knowledge, whose input did that deal with?

A To the best of my knowledge, that would have had to have involved Colonel North, perhaps Mr. McFarlane, perhaps Admiral Poindexter.

Q Just so the record is clear, do you have any personal knowledge that Mr. McFarlane, Admiral Poindexter, Colonel North or anyone else ever knowingly submitted any false information to the chronology?

A No.

Q What is your answer?

A No.

Q There have been a number of questions about your discussion with Craig Fuller in, I think, the 1984 time frame, 1984--

A Craig Fuller?

MR. EGGLESTON: Graham Fuller.

MR. BENNETT: I am sorry. Graham Fuller.

BY MR. BENNETT:

Q In connection with what he was doing, do you know whether or not the general issue of "what will we do with Iran when Khomeini dies" was that issue discussed prior to 1984?

A I am confident it was. Many people in the U.S.

Government often wrung their hands over what the U.S. would do in the event Khomeini died.

Q How far back, to the best of your recollection, would you say that was a significant issue that the professionals and experts were talking about?

A From my first days on the NSC staff in March 1982.

Q Would you describe for me again what exactly your role was regarding the preparation of material for a speech that was to be given?

A I would consider myself one of the lesser contributors to a draft, a drafting process that involved several different offices and individuals.

Q And who was to give that speech?

A The President.

Q Did you see all the drafts of the speech?

A I don't know whether I saw all the drafts or not.

MR. BENNETT: I don't have anything else.

MR. EGGLESTON: I have two questions.

BY MR. EGGLESTON:

Q The terms of reference, you indicated that you saw the final version because you saw it in McFarlane's hands actually on the trip to Teheran; is that correct?

A I saw what may have been the final version. It was certainly a version that he took with him on the trip.

Q It was at least the last one. Was there anything attached, to it to your knowledge, at the time you saw it in McFarlane's possession?

A No.

Q The meeting in early November in Poindexter's office that you said was attended by ten or eight people, can you recall who those ten or eight people were?

A I believed Admiral Poindexter, Colonel North, Dr. Keil, Paul Thompson, perhaps Peter Rodman, and perhaps Colonel Earl.

The last two--I recall there was some discussion whether Rodman was coming or not. I don't recall. Those were the--probably the ones.

Q And yourself?

A And myself.

MR. EGGLESTON: That is all I have.

MR. BENNETT: We don't have anything else, gentlemen

MR. EGGLESTON: Let me just say two or three things for the record. As you know, the committee rules do not provide for you actually to obtain a copy of your deposition. You do have the option--which I take it you intend to elect-- of reviewing the deposition within a certain number of days after the deposition is in fact ready.

I will notify you when it is ready. We can make arrangements for you to pick it up.

MR. BENNETT: I would just request the exhibits be included since some of the questions dealt with them.

MR. EGGLESTON: We thank you for coming.

(Whereupon, at 1:20 p.m., the deposition was adjourned.)

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TESTIMONY OF HOWARD R. TEICHER

Thursday, April 23, 1987

United States Senate
Select Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
Washington, D. C.

Deposition of HOWARD R. TEICHER, called as a witness by counsel for the Senate Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:25 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified/Released on 22DEC87
under provisions of E.O. 12356
by [redacted], National Security Council
K. JOHNSON

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APPEARANCES:

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VICTORIA NOURSE, ESQ.

On behalf of Senator Mitchell:

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On behalf of the Witness:

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PROCEDINGS

Whereupon,

HOWARD R. TEICHER,

called as a witness by counsel for the Senate Select Committee, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. BELNICK:

Q Howard, would you please state what your positions were with the National Security Council staff

MR. BENNETT: Excuse me. Could I just put one thing on the record before we start?

MR. BELNICK: Sure.

MR. BENNETT: I appear here today as counsel to Howard Teicher. Yesterday Mr. McGrath of the White House called and asked if Mr. Colby, if I had any objection to his being present. I said I did not have any objection, on the condition that it was clearly understood that Mr. Colby was not representing Mr. Teicher and in fact is not in a position to represent him because of the differing interests between my client and the institution which he represents.

Is that a fair statement, Mr. Colby?

MR. COLBY: Yes. I certainly don't represent him in his individual capacity and the only role I have here in the odd instance where Executive privilege might have to be invoked on some completely irrelevant issue. That's the only interest I have.

MR. LIMAN: Off the record.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Howard, would you please give us your positions at the NSC?.

A From March 29, 1982 through the last week of May, 1986, I was the junior member of the Near East and South Asia Directorate of the National Security Council staff. At the end of May, when Dennis Ross came on board the NSC as the Senior Director for the Middle East, I transferred to the Political-Military Affairs Division and became the Senior Director for Political- Military Affairs. I separated from the government on March 31st of 1987 and I'm now a self-employed consultant on international affairs.

Q May of which year did you go into the political military office?

A 1986.

Q And what was the responsibility of the Political Military Affairs Division, the overall responsibilities of that division of the NSC structure?

A The basic responsibilities included, for the most part, coordinating security assistance matters that involved notification to Congress of various types of military sales programs, foreign aid programs. We had responsibility for coordination of international narcotics efforts within the U.S. Government. We had responsibility for crisis management in the event of unforeseen crises and some analytical work relating to trying to prophesy, if you will, crises and what we might do about it.

We were responsible for any use of military power, exclusive of so-called special operations, and by that I mean a hostage rescue or a special insertion for a covert program. We had no knowledge or involvement, let alone responsibility, for such matters. I would say those are the basic types of issues and there were other issues as well that we were involved in but not responsible for.

Q Was Ollie North in the same division?

A No, Colonel North was in charge of a separate directorate that was wholly apart from my operation.

Q By the same name?

A The name of his office was the Political Military Affairs. His office dealt primarily with terrorism and, to the best of my knowledge, hostilities in Central America. That's the euphemism that is most meaningful.

Q To whom did you report once you went into the Political Military Affairs division?

A At the time I assumed that position, we were in, I guess, somewhat of a state of flux. Don Fortier had been hospitalized for cancer. He would have been my immediate supervisor. In his absence I reported either to Admiral Poindexter or, procedurally, to Rodney McDaniel, the executive secretary. But he was not actually my supervisor; it would have been Poindexter or Fortier.

Q Howard, did you attend any national security briefings of the President?

A What do you mean by National Security Council briefings?

Q It's not a term of art. Did you attend any briefings of the President on national security matters?

A The course of my career?

Q Yes.

A Yes.

Q And would that be on a regular basis? On an issue-by-issue basis?

A I would say issue by issue, intermittent.

Q Did you attend any briefings of the President on matters that had to do with the Iran initiative once you were briefed into that compartment?

A As I have testified, the only meeting that I participated in with the President relating to the Iran initiative was the, I believe, May 29th. The morning of our return from the mission we briefed the President. I should say McFarlane briefed the President, with Colonel North and myself in attendance. I don't believe I uttered a word, but I did take notes and I recorded a memorandum of conversation which is in the file. That morning was the only meeting I participated in with the President on this subject.

Q Did you ever attend any briefings of the President on matters dealing with Central America?

A No. I did not.

Q Okay. Were you ever asked to undertake any approach to [redacted] on the matter of obtaining aid [redacted] for the Nicaraguan resistance?

A I'm sorry. Was I ever asked?

Q Were you ever asked by Bud McFarlane or somebod else at the NSC to make an approach [redacted] to support the Contras?

A When?

Q Let me see if I can help you. This is a copy o a memo which I will ask the reporter to mark as Teicher Exhibit 1.

(The document referred to was marked Teicher Exhibit Number 1 for identification.)

And, for the record, this memo is dated April 20, 1984, and it's a memorandum for Howard Teicher from Robert McFarlane. I want you to take a look at it.

A I forgot about this.

(Pause.)

MR. BELNICK: Do you want to go out and speak with Bob? If you want to take the document with you, you can.

(Counsel and witness left the room to confer.)

BY MR. BELNICK: (Resuming)

Q Howard, you've had a chance to review Exhibit 1. Do you recall receiving that memo?

A I don't recall receiving the memo. And I will note for the record that this is exactly among the types of documents, that I repeatedly sent memos to the White House counsel to ask for in preparation for all this and I never received it. So this is the first I've seen this.

Q Listen, don't worry about it. All I want to do is see if you remember these things. This is not an accusatory session or anything like that.

MR. BENNETT: Well, it might help, if you're going to ask him questions about documents for which you have documents, I would appreciate it if perhaps we could see them.

MR. BELNICK: That's what I was doing. I was asking about the general issue and I showed you the document before I asked about it.

BY MR. BELNICK: (Resuming)

Q But do you remember whether or not -- as I understand it, your testimony is you don't recall receiving this memo?

A That's correct.

Q Leaving the memo aside, do you recall having a discussion with Bud McFarlane in 1984 about the possibility that [redacted] could be approached through [redacted] or through anyone in the government about providing some assistance to the contras?

A Yes.

Q Okay, tell us what you recall about that and when it occurred, as best you remember.

A Well, to the best of my recollection -- it's something I must say I haven't thought -- about [redacted] I believe in March, I was there [redacted]

Q 1984?

A '84 -- a March '84 [redacted] It may have been in late March or early April -- I'd have to check my travel records. [redacted]

I recall a phone call from McFarlane where he asked me -- I shouldn't say asked me -- he instructed me to pass a message [redacted] from him saying that the U.S.

government would appreciate help for the contras and that this was to be kept as discreet as possible. And I don't recall being involved in any follow-up, and that's why I don't recall this memo. If I received it, I don't believe I contacted him because we had no means of secure communication.

Q "Him" being?

A [redacted] That who[redacted] I believe, refers to.

Q Was Bud any more specific about the kind of assistance that the United States Government wanted [redacted] [redacted] for the contras? Did he tell you what kind of assistance to ask for?

A I believe he asked -- again this was communicated over the phone -- for material assistance and financial assistance.

Q Did he say how much in terms of financial assistance?

A I don't recall any figures.

Q Do you recall what he said about material assistance?

A I don't recall any specifics on material assistance.

Q By material assistance did you understand him to mean weapons?

A I believe the word he used was material assistance and I didn't ask him what he meant by it. At least I don't recall asking him.

Q Before we go on with this, the memo refers to [redacted] who you believe to be [redacted] In parentheses it says: As he [redacted] has already heard from [redacted] Would you understand that to be [redacted] probably, Ambassador [redacted]

A I would speculate that it was [redacted]

Q Did you speak to [redacted] as Bud McFarlane instructed you?

A I don't recall speaking him about this, no. I mean the difficulty would be to call him on an open phone and pass along a message like this would be a breach of security.

Q So your recollection is you did not.

A I don't recall following up with him on this, no.

Q Looking further at the memo, in the last paragraph of Teicher Exhibit 1, McFarlane says "I am a little disappointed. Please let it be known that, in your view, I" -- meaning Bud McFarlane -- "am a little disappointed in the outcome but we will not raise it further."

Do you recall Bud saying anything like that to you and, if so -- you do not?

A This is the extent of what I know about him being disappointed.

Q Do you know what he's referring to?

A No.

Q Had he asked you on any prior occasion to talk to [redacted] about providing some help for the contras?

A No.

Q Had anyone from [redacted] ever approached you on the issue of whether they could, whether [redacted] could help with the contras?

A No. I don't recall any contact [redacted] [redacted] on that subject.

Q At all, of any kind?

A I don't remember it. It was not anything that I worked on. I believe that McFarlane may have asked me or instructed me to do this because I was there and he chose me to pass the message.

Q Now what I'm going to show you is that we have -- and I only have one copy here -- we have a PROF memo to you from Bud McFarlane dated the same day, at 9:20 in the morning, and I'm going to have that marked and then show it to you as Teicher Exhibit 2 and see if you recall ever getting a PROF memo which is the same text as the hard copy memo that I've placed before you.

(The document referred to was marked Teicher Exhibit Number 2 for identification.)

The redactions or the blacked out portions of Teicher Exhibit 2 were blacked out when this document was produced to us by the White House and it is, therefore, my assumption that it pertained to matters that are irrelevant to the inquiry. I'll represent to you that as best I can make out the light text, it is light but that's how we got it, Teicher Exhibit 2 is the same as Teicher Exhibit 1, only Teicher Exhibit 2 is in the form of a PROF note to Mr. Teicher from Mr. McFarlane.

MR. BENNETT: And we don't know what the blackouts are?

MR. BELNICK: Forget about the blacked out. I'm not asking about that. This is the PROF note.

MR. BENNETT: We don't know what they are or we do know what they are?

MR. BELNICK: I do not know what they are.

BY MR. BELNICK: (Resuming)

Q My question is whether looking at the PROF note it refreshes your recollection in any way as to whether you received a written message from Mr. McFarlane or whether indeed you received that PROF note.

A I don't recall, and I think we could check with the White House communications agency, but I don't believe the PROF system had been installed in my office at that time and it's possible -- I note here that the message is actually addressed to NSWGH which stands for Wilma Hall.

Q His secretary?

A His secretary, and it's conceivable that he sent her the note for her to type it, and the fact that this is not initialed suggests to me that --

Q I think you're right. I think that's probably what happened.

A I don't recall seeing the PROF, no.

Q Just so that I make sure, Howard, that the record is clear, my understanding from what you've said is that you do not recall ever having a discussion with [redacted] concerning assistance [redacted] to the contras. If I'm wrong, tell me that I'm wrong.

A I do recall that I was instructed and had a brief discussion with [redacted] While [redacted] passing the message, I was instructed to pass and leaving it at that, and I don't recall conferring subsequently with him, notwithstanding these instructions. I can't say that I may not have discussed it along with other issues. I don't remember it. But I never had, that I can recall, a discussion on aiding the contras beyond that one contact.

Q Now I understand. Tell me what recall saying to [redacted] when you were [redacted] And it would have been in the same time period.

A To the best of my recollection that I was instructed by Mr. McFarlane to pass a message from Mr. McFarlane to [redacted] saying that the U.S. government -- and I really don't have any recollection of the exact words -- was interested in determining [redacted] could provide financial and material assistance.

MR. BENNETT: Can I just confer a minute?

(Counsel conferring with the witness.)

THE WITNESS: That's really as much as I remember. There may have been some other points, but I haven't thought about this and that would have been the thrust of any message.

MR. BENNETT: I was just trying to determine if we had a refreshing recollection or past recollection recorded.

BY MR. BELNICK: (Resuming)

Q What was [redacted] reaction to your message?

A To the best that I can recall, he took notes and said he would find a way to communicate with McFarlane.

Q Did you ever hear back from [redacted] whether he did speak to McFarlane about this matter?

A I don't recall.

Q Did you ever hear back from anybody whether [redacted] got back to McFarlane on this matter?

A I really don't recall any subsequent discussion of this.

Q I'm not suggesting otherwise. You understand my questions. I'm just trying to see if anything I say triggers a recollection.

So in that vein have you ever heard from anybody whether [redacted] in fact provided any kind of help with the Contras -- whether it was material help, financial help or some other form of assistance?

A Well, I would only say that I read about it [redacted]

[redacted]

Q Leave that aside. Did you ever hear or learn from any other source [redacted] was providing any form of assistance of any kind to the Contras apart from what you read [redacted]

A I really don't recall any other [redacted]

Q On any occasions. Were you friendly with [redacted] [redacted] aside from your professional relationship?

A I would say that we were friendly, yes.

Q Did he ever discuss [redacted] feelings towards the contras in terms of whether [redacted] was disposed to try to help the United States with the Nicaraguan resistance?

A I don't recall any discussions with [redacted] on that.

Q Or any other [redacted]? [redacted].

A No.

Q Had you ever heard that [redacted] had offered to make [redacted] weapons available to the contras and this would have been in the 1985 time period?

A I was not apprised of that.

Q And didn't hear that while you were in the government?

A No.

Q Okay. Sticking with this subject, Howard, for the moment, during your period at the NSC did you learn of assistance to the contras from any other foreign government?

A No.

Q Probing that a little bit, did you hear, for example, whether [redacted] had provided any assistance towards the Nicaraguan freedom fighters?

A No.

Q [redacted]

A No.

Q [redacted]

A No.

Q [redacted]

A No.

Q Anybody?

A No.

MR. BENNETT: You're talking real time now right, not things he may have read in the paper? We are all real time now.

BY MR. BELNICK: (Resuming)

Q Right -- stuff you learned while you were functioning as a member of the NSC staff? You don't know anything about it.

Howard, one of the things you mentioned was in the area or the responsibility of the political military affairs division was international narcotics effort, as I understand it. Am I correct?

A Yes.

Q Did you hear at any time while you were on the staff of a project which involved using agents of the Drug

Enforcement Administration, DEA, in an attempt to free some or all of our citizens who were being held hostage in Lebanon?

A No.

Q That's something which would come as total news t you if I told you there was such a project?

A Yes.

Q Just to go back to a few more questions on the subject of [redacted] and this period, the McFarlane memo, which I understand you did not receive, but for purposes of providing a time frame, is dated April 20, 1984. Do you remember whether you were in Israel at that time?

A I don't recall the exact dates of my travel [redacted] [redacted] It would have been in late March or early April. I'd have to look at travel records to get a specific.

MR. BENNETT: I just want to correct something. I don't think he said he did not receive this. He said he did not remember receiving it.

MR. BELNICK: Sure. You are right. Could I ask you to check your travel records, have Howard check his travel records and just get back to me, just call me with it Bob can call me.

MR. BENNETT: Would you have those available?

THE WITNESS: Well, I have to check with the NSC.

MR. BENNETT: We'll do what we can.

BY MR. BELNICK: (Resuming)

Q I thought these were records you may have had on your own. If they are with the NSC, we'll get them from the NSC.

MR. BENNETT: I think they are at the NSC.

MR. BELNICK: All right. We'll check on that.

BY MR. BELNICK: (Resuming)

Q When you saw [redacted] as you told me you did at some point in this time period, and had a brief discussion with him, can you tell me where that was? Was it in his office?

A It was in his home.

Q Did you make any notes of that conversation?

A No.

Q And [redacted] -- let me ask you another question. Do you recall whether in this time period [redacted] was seeking any contract from the State Department to provide assistance in Central America?

A I don't know specifically.

Q Do you know something about that subject?

A I do know that over a period of years formal discussions were under way between the U.S. Government and [redacted] regarding expanding [redacted] development assistance efforts in Central America and some security assistance efforts. And they may indeed have been working some kind of contract with AID. But I'm not familiar with any specifics.

Q And you don't know whether such a contract was ever entered into?

A I don't know.

Q Let me ask you about this document. Would you mark this document as Teicher Exhibit 3?

(The document referred to was marked Teicher Exhibit Number 3 for identification.)

Teicher Exhibit 3, for the record, is a page of handwritten notes. It bears our number stamp, Howard -- this is not something that was there when we got it -- of N-8720. I'm going to tell you it was produced to us by the White House and, according to the list of files that we got from the White House, Bob, of wherever his documents came from, this document happened to be found in Howard's files. That's why I'm asking about it. I don't know whether he's seen it, can identify it or what.

But that's my question -- whether you've seen it before, whether you know what it is. And if it helps -- I'm not going to mark this -- the document, the way we got it, was attached to a memo entitled Discussion Paper, International Relations with Iran, November 10, 1986.

(Pause.)

Howard, do you recognize the document?

A Yes.

Q Can you tell me what it is, now referring to Teicher Exhibit 3?

A I recall it being some notes I wrote based on an assignment from Admiral Poindexter relating to what I would describe as the normal staffing work that was done following the revelation of the Iran initiative. And he directed me to work with appropriate members of the staff to prepare a background paper, which is this November 10 discussion paper, that could be provided to the State Department for them to -- and I believe Defense as well -- for them to circulate to our posts overseas as background for their use with governments regarding just what everybody was really doing with Iran.

[redacted]

Q These were notes, then, that you made of things that the Admiral was telling you?

A To write a paper about. That's what I recall it being.

Q And the discussion paper, which I'll mark in a few moments as Teicher Exhibit 3A, is dated November 10, 1986.

Was your conversation with the Admiral a day or so before then?

A I can't be sure what date.

Q But around then?

A Presumably a day, probably two or three days before, but I don't recall.

Q And after the revelations about the Iran transaction?

A Yes.

[redacted]

Q Could we just go through these notes and tell me, first, at the top it says "put myself in Shultz position defending what we have done". Was this the Admiral telling you to put yourself in the position of the Secretary of State and give him a defense?

A I can't recall whether those were the Admiral's exact words, but I see my meaning here was to prepare a background paper that would be helpful for the State Department, Secretary Shultz representing the State Department, to enable them to defend diplomatically what we had done.

Q Then there's a note which reads: "Enough to make it acceptable to allies/Arabs, save face with allies/Arabs." What did that mean?

MR. BENNETT: Well, let me just ask you this. I don't have a problem with him telling you what it means to him. He wrote it down.

MR. BELNICK: That's all I mean.

MR. BENNETT: I don't want him opining as to what Admiral Poindexter was meaning.

MR. BELNICK: I just want him to explain what he understood by what he was writing down.

THE WITNESS: I would preface my remarks by noting the, shall I say, wild environment that we were operating in then, so I genuinely do not recall the specific meeting except in general terms here.

BY MR. BELNICK: (Resuming)

Q Howard, I don't mean it to be in some literal sense, but what was the point?

A Again, I think it's straightforward -- to prepare a background paper that would provide arguments that would make the initiative on Iran sensible -- I'm trying to choose words other than what I wrote down -- to allies and Arab leaders.

Q Now you see the next portion of the notes reads: "Several scripts, allies, Arabs, intelligence committees, so forth". What did you mean by that?

A Poindexter directed the preparation of several "scripts". Script is a word of art that became popular in this Administration for reasons that I don't know.

Q It may have been from the top-down, but go ahead.

A I would say he was referring here to the different presentations that would need to be made, and in the case of allies and Arabs I participated with several of my colleagues at the NSC and State Department in preparing two different -- I recall two different diplomatic telegrams to be sent to posts that provided what we call talking points for demarches to host governments, different ones for the allies and the Arabs, and I believe two separate telegrams, maybe more, were sent out.

The State Department may have further expanded that. And he asked for the documents to be prepared for, I assume, the briefing of the Intelligence Committees and the Foreign Affairs Committees. And we were also preparing something that has since been published called the National Security Strategy, and he wanted to make sure that there was the proper input into that.

Q Do you recall what kinds of materials he was asking for to be prepared for the Intelligence Committees and the Foreign Affairs Committees of the Congress?

A No. I didn't have a role in that.

Q Who did; do you remember?

A I believe it was Colonel North.

Q The last note on the page, "not less important that you sell; more important that you not", what did that mean?

A I don't know.

Q Do you remember work on preparing chronologies of the Iran initiative in November 1986?

A I remember that part that I was involved in.

Q What part were you involved in?

A I contributed primarily to the introductory section of the chronology.

Q And what was your contribution?

A That dealt with explaining why it was in our interest to have a relationship with Iran, the sorts of factors that went into that relationship, the diplomatic exchanges that had gone on with other governments regarding their view on the importance of the United States reestablishing a relationship. I did a little research on the Brzezinski-Bazargan meeting in Algiers and included that as a discussion paragraph.

Q Who asked you to participate in this effort?

A Admiral Poindexter.

Q And what did you understand was the purpose of the chronology that was being prepared?

A I assumed -- I shouldn't say I assumed. I understand it was for the Intelligence Committees and Foreign Affairs Committees.

Q Did you know that the chronology went through more than one draft?

A Yes, I did.

Q And did you know that there was something called the maximum version of the chronology and then a shorter version?

A I only learned that there were these titles and actually different versions after it was revealed that there were different versions.

Q At the time you thought there was one version being prepared, one type of chronology?

~~SH To Tehran in May of '86~~. Who else was working on the chronology that you observed?

A I'm not sure. I think I observed about ten different people at different times working on the chronology.

Q Can you tell me who you recall having observed?

A I recall Colonel North, Colonel Earl, Commander Coy, General Secord, Mr. Cave, Mr. McFarlane. I believe I saw Keel at one point, Dr. Keel, looking at it. Myself. Those are the people that come to mind right now.

Q How about Admiral Poindexter? Did he work on it?

A I understand that he did, but I did not personally observe it.

Q Commander Thompson?

A Again, I understand he did, but I did not observe it, and I did not discuss it with him.

Q Did you hear any discussions by the people who were working on the chronology about any troublesome events, discussions of how any of the events ought to be portrayed?

A No.

Q Do you remember the President gave a press conference on November 19, which was a Wednesday evening?

A Yes.

Q Do you recall Bud McFarlane being on the premises that day?

A Was he on the premises that day? I don't recall that he was or was not.

Q Let me see. It's a tough question and answer to pick out one day and say was he there. Were you at the office when the President spoke?

A No. I was at home.

Q Were you at the office that day before he spoke?

A Yes.

Q Do you recall hearing a conversation on that day or thereabout -- maybe a day before -- between McFarlane and North to the effect of North being exuberant about the chances of the public accepting the President's explanation, saying in effect we're out of the woods, anything like that?

A Do I recall a conversation between North and McFarlane where North was exuberant, as you have described it? I don't recall any such discussion.

Q Do you recall overhearing any discussion in which Mr. McFarlane said to North, in words or substance, we're not out of the woods yet; there is still this matter of money being channeled down to the contras from Iran?

A No.

Q As I understand, Howard, then, the first time that you heard about the possibility or the allegation that monies from Iran had gone down to the contras was when the Attorney General announced it at the press conference on the 25th?

A That's correct.

Q You again don't recall prior to then overhearing any conversation between North and McFarlane in which something like that came up within days of the Attorney General's disclosure?

A That's correct. I do not recall any such discussion.

Q Do you know Michael Ledeen?

A Yes.

Q How long have you known him?

A I met Mr. Ledeen in 1982 when I joined the staff at the State Department as a staff assistant to Mr. McFarlane, who was then the Counsellor of the State Department.

Q And did Mr. Ledeen have an official role at the National Security Council staff that you were aware of in 1985-1986?

A I understood he was a consultant to the NSC staff.

Q Did you deal with him at all during those two years in his consulting role?

(Pause.)

I don't remember the question; give me any answer you want. My question was -- don't do that.

MR. BENNETT: Don't take him literally. He is trying to make you feel comfortable when he says that.

BY MR. BELNICK: (Resuming)

Q Did you deal with Michael Ledeen in his official role as a consultant to the NSC staff in 1985 and 1986?

A No. He was not a consultant to my group and while we occasionally had discussions about Middle East issues I would characterize them as of an informal variety.

Q When you wrote -- and I'm now drawing on what I understand from your prior testimony -- when you drafted the NSDD that went out for discussion and which suggested the possibility of an opening to Iran, which would include relaxing a little bit on letting allies and friendly governments ship weapons -- you understand what I'm referring to -- that NSDD?

A The NSDD draft.

Q The draft, the one that the Secretaries of Defense and State --

A It's important. It never became an NSDD.

Q I understand, the draft NSDD, the one that the two Secretaries took issue with, when you were preparing that NSDD draft did you talk to Ledeen? Did he have any input into it?

A I don't recall having any discussion with Michael Ledeen regarding the NSDD draft.

MR. BENNETT: Excuse me. I just want the record not to have a misimpression. There's almost an assumption in the question that he was the author of the NSDD.

BY MR. BELNICK: (Resuming)

Q Participated in drafting. I'll make the record clear. Who else worked on the draft NSDD?

A I would describe it as co-drafted by Don Fortier, with inputs from several other staff members of the NSC, as well as inputs from other agencies.

Q And one of the prior inputs, as I understand, was Graham Fuller's SNIE on Iran?

A Graham Fuller wrote a memo to the Director of Central Intelligence. He did not write an SNIE. His memo was titled "Toward a Policy on Iran", dated May 17, '85, did contribute to the NSDD. The SNIE was wholly apart.

Q Going back to Ledeen, let me show you some more PROFs memos. I'll ask the reporter to mark these as Teicher Exhibits 4, 5, and 6.

(The documents referred to were marked Teicher Exhibit Numbers 4, 5, and 6 for identification.)

(Pause.)

While the witness is looking at those PROFs, would you mark this document as Teicher Exhibit 3A?

(The document referred to was marked Teicher Exhibit Number 3A for identification.)

Let me for the record, while the witness is looking at the documents, describe them. Teicher Exhibit 4 is a copy of a PROF message dated November 17, 1986 from Mr. Teicher to Dr. Keel. It's Bates-numbered N-8507.

Exhibit 5, Bates-numbered N-17817, are certain

PROF notes concerning subject Michael Ledeen. And Teicher Exhibit 6, which is N-17816, are again certain PROF notes concerning Michael Ledeen, or copies of PROF notes. All are dated in the time frame between 11/17/86 and 11/21/86.

Actually, I think in chronological form Exhibit 6 precedes Exhibit 5. Why don't we just reverse it? Teicher Exhibit 5 will now be N-17816 and Teicher Exhibit 6 will be N-17817.

(Pause.)

Howard, you've had a chance to look at these three exhibits, 4, 5, and 6 and, as you can see, the subject matter of them concerns whether or not Michael Ledeen -- at least as I read them -- should be permitted, encouraged, allowed, whatever, to go public about something concerning Iran. Indeed, Exhibit 4, which appears to be a note from you to Dr. Keel, says Ollie and I discussed the pros and cons of unleashing Ledeen, et cetera.

Could you tell me what this whole issue is about and what you recall of it?

A Well, to the best of my recollection Ledeen was being asked by various news media to appear to talk about the revelations, and he was seeking Poindexter/Keel's approval to do that. And I was asked for my opinion about the pros and cons of "unleashing him".

Q Teicher Exhibit 4, I take it, is a PROF note that you recall, now that you look at it, sending?

A Yes.

Q And it refers to a discussion that you and Ollie had about the pros and cons. What can you tell us about that discussion?

A I really don't remember the discussion.

Q Do you remember what the cons were?

A The cons would just have been that Ledeen might say things that either in a way -- or reveal that at the time decisions had been made not to reveal them, because of his style when he dealt with the media.

Q What was that?

A His style?

Q Um-hum.

A He tended to be verbose and to, I would say, describe his functions in an official capacity to the maximum extent possible which might not have been accurate.

Q On balance you concluded, though, that he ought to meet the press?

A On balance I had a principled view of a need for us to deal much more straight-forwardly with the media and that was, I believe, known among members of the staff. And I felt since others, since officials were not speaking to this issue, I felt that in the battle for public opinion it was in our interest to have people out there making the case that this made sense.

Q Did you know at that time what role Ledeen had played in the Iran initiative?

A I had some familiarity with trips he had taken earlier in 1985, yes.

Q From whom had you obtained that?

A From him.

Q When?

A At the time of his travel. I don't recall the exact time -- in early '85, summer of '85.

Q Do you recall what he told you about his involvement?

A Well, all he told me was that he was going to try and make some things possible with the Israelis to improve our ability to establish a relationship with Iran. That was the thrust of it.

Q Did he ever tell you whether he was involved in negotiating any of the arms transactions?

A No.

Q Did you ever hear whether he was involved in any of that kind of activity?

A No.

Q For example, did you hear or learn whether he was involved in any discussions on pricing of the weapons that were sold to the Iranians?

A No.

Q Did you hear whether he himself was making a commission on any of those weapons sales?

A No.

Q Have you ever heard that?

A I read about it.

Q Leave out allegations in the papers.

A No, I've never heard about it.

Q Were you advised, as these PROF memos indicate, that Bud McFarlane gave instructions that Ledeen should not be unleashed? I'm looking at one PROF note on Exhibit 5 which is from McFarlane -- it doesn't indicate that it was sent to you -- in which he says he doesn't know what role Mike played in this matter and so forth and then another on Exhibit 6 which is a short message from Alton Keel, Bud says do not, repeat, do not get on the subject.

A That would have been my only awareness.

Q Did anyone tell you what Bud's reason was?

A No.

Q Did you speak to Ledeen directly about his desire to meet the press on this issue?

A No, he was not in touch with me about it.

Q When did you first hear about -- strike that.

Did you have any dealings with representatives of Khashoggi on this Iran initiative?

A No.

Q I have some PROF memos that I'd like to show you about Mr. Khashoggi. Let's just mark these as the next 4 Exhibits -- 7, 8, 9 and 10.

(The documents referred to were marked Teicher Exhibit Numbers 7, 8, 9, and 10 for identification.)

These are some PROF messages, again, starting with the first one, which is Teicher 7, Bates number N-17810. It appears to be, as you can see, Howard, a copy of a note from you concerning Khashoggi dated October 22, 1985. Do you recall that message?

And again I think we've got these in reverse chronological order to an extent, but if you look at Teicher Exhibit 8, it is forwarding a note to you also dated October 22 from Wilma Hall about a call from Bob Shaheen and a question to you about whether you could see Shaheen on Bud's behalf.

And then I believe Exhibit 7 is your response beginning "I will be glad to".

Okay, did you meet with Shaheen at that time?

A No, I don't believe I met with him at that time.

Q Did you talk with him or any Khashoggi representative?

A I'm not exactly sure at the timing of all this.

There was a luncheon that I believe American University put on for Khashoggi that summer -- we could check calendars and things if we had access to them -- at which Shaheen was there and was the first time I ever met Shaheen, and this may be where I made this point. That was my only meeting with Khashoggi or Shaheen, at that luncheon.

Q And what did you talk about?

A It was a large group, so we didn't talk. It's not appropriate.

Q And that's the only time you ever saw them?

A I talked with Shaheen separately in an effort to arrange an interview with the President for a leading Arab correspondent that Shaheen and Khashoggi were doing and I was on the phone and my secretary over a period of weeks -- again I believe that was the summer of '85 -- no; well, maybe the summer of '85. I really don't recall exactly when it was.

Q Your memo, Exhibit 7, refers to a Khashoggi memo and there are other PROFs about that memo. Apparently at some time everybody was looking for it and then came up with it. Do you remember that?

A Yes.

Q What was the Khashoggi memo about?

A Khashoggi prepared a long memo that dealt with the state of the world, US-Soviet relations, the international

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economic situation, the situation in Iran, the peace process, the PLO -- I mean tour de resol would be the diplomatic term that he, I guess, as an international entrepreneur was interested in and wanted to share his thoughts with the White House on.

[redacted]

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Q Okay, we won't go further with it. Howard, have you read the Tower Report?

A Yes.

Q I want to ask a general question and I don't want you to get too excited. My general question --

MR. BENNETT: He is very clever, so now sit back and relax.

MR. BELNICK: I know you're going to get excited, so I wanted to prepare you. My general question is going to be whether Howard, in reading it, saw any, to the extent he had Knowledge of events, any material inaccuracies which struck him, recognizing that he doesn't have the Tower Report here, that I'm not asking him to go through it line by line, that he may forget something. You have it there but he's not reading it.

MR. BENNETT: I get you.

THE WITNESS: Do you authorize me to answer?

BY MR. BELNICK: (Resuming)]

Q With those caveats that you may not remember everything but it's more of an impressionistic question -- I'm trying to qualify it as much as I can without taking you page by page through the report.

A To the extent that it dealt with what facts that I was aware of I considered it to be accurate. I cannot speak to large portions of it.

BEST AVAILABLE COPY

Q I'm not asking you to vouch for the report. You're answering within the bounds I'm asking.

A The only inaccuracy with respect to me and which I believe has been clarified had to do with the suggestion that the NSC staff pressured the CIA to draft the Special National Intelligence Estimate in a manner that would support the NSDD, which I helped draft. I believe Director Gates sent a clear letter to Senator Boren which stated unequivocally that the NSC played no role in the drafting and coordination of that SNIE, and I believe that took care of the one inaccuracy that I'm familiar with.

Q Okay, fair enough. I'm just going to do a couple more things and then we'll be finished. First, I'd like you just to verify the record that what we've now marked as Teicher Exhibit 3A, Bates number N-8714, et seq., entitled Discussion Paper International Relations with Iran is the discussion paper you were referring to earlier which grew out of your conversation with Admiral Poindexter, which is reflected in Teicher Exhibit 3, the handwritten notes.

You participated in the preparation?

A Participated in the preparation.

Q Of Exhibit 3, I take that. And who else worked with you on it?

A Commander Coy. I believe that several other members of the NSC staff.

Q But my main interest was that it relates to the notes that you took.

A That's my understanding, and if you read it I think there's -- but, if I may suggest --

Q Yes, please.

A What you should seek from the White House or the State Department, perhaps, would be the actual telegrams which were transmitted as a result of the assignment and that I was part of a process of over a period of weeks. That was the actual outgrowth of that assignment.

Q It's a good suggestion and I will make sure that we get those, if we don't have them already. Just, lastly and really more for the record, have you hade any recent discussions with Bud McFarlane, or Poindexter, or anyone aside from your counsel, aside from your counsel, about your forthcoming testimony here today?

A No.

Q When's the last time you had any conversation that you remember with Lieutenant Colonel North?

A The last time I saw him was very briefly passing in the street at 17th and I Street. I think he was going to see Brendan Sullivan or something and we said hello in the street and that was the extent of it. It was, I think, probably in early January, I don't know.

Q But the last time you had any substantive type discussion was back in November before he was let go?

A Yes.

Q The same question vis-a-vis Michael Ledeen. When's the last time you had any discussion with Michael Ledeen that touched on any of this?

A I've had no discussion with him that touched on any of this. He did recently call me to see if we could hav dinner with him and his wife -- strictly social.

Q I'm not interested in personal.

A No, I've had no substantive discussion with him about any of this.

Q Or with any representatives of the [redacted] government?

A I've had no discussion with representatives of the [redacted] government with respect to these matters.

MR. BELNICK: I want to thank you and your attorney for your appearance here and for your cooperation and for your service to the country on the NSC staff. I appreciate your coming down.

THE WITNESS: Thank you.

(Whereupon, at 11:37 a.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this ______ day of

____________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

THE WHITE HOUSE
WASHINGTON

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20 APR84 N 105

~~SECRET~~

April 20, 1984

Teicher Ex.# 1

MEMORANDUM FOR HOWARD TEICHER

FROM: ROBERT C. McFARLANE

Howard, please draw upon the following points in your meeting with [redacted] without others present).

Possible Meeting With [redacted]

-- It is possible that [redacted] may be contacted by Khassoghi before long. Khassoghi came to me a week ago after having talked to [redacted] toward the purpose of persuading [redacted] to meet with [redacted].

-- According to Khassoghi, [redacted] while fearful, agreed if the meeting were entirely private.

-- There would be no preconditions, although [redacted] was motivated toward establishing some confidence-building measures over time. These too, would be based upon tacit performance by both sides and without formal agreement.

-- I stated that I agreed with the purpose of such contacts and with the view that any meetings would need to be private.

-- Finally, I expressed willingness to arrange such a meeting (although Khassoghi is in a position to do that himself). In short, [redacted] seemed to be wanting US endorsement of the project rather than any specific US role. That's OK with us too.

(Note: Khassoghi's interest was brought to my attention by Geoff who had been contacted by Khassoghi. As of now, we have not been asked to do anything. Your mention of it to [redacted] would only be for informational purposes and good faith in keeping them informed).

Help With the Contras

-- As we discussed, please reaffirm to [redacted] as he has already heard from [redacted] that:

RCM-7 1:56
12:30

~~SECRET~~
Declassify on: OADR

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1) We will not press them on the question of assistance to the contras.

2) It is an important matter to us and we face a temporary shortfall in goods.

3) We are, of course, very conscious of the vulnerability it would create for the [redacted]

4) If they should decide that they can help, it ought to be done bilaterally although we would be pleased to provide a point of contact [redacted].

5) Please also let it be known that, in your view, I am a little disappointed in the outcome but we will not raise it further.

Destroy this memo.

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21 April

UNCLASSIFIED [redacted]

PAGE 00006

Teicher Ex #2

FILE: NOTE [redacted] -- WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

NSC FROM: NSDLB --CPUA   TO: NSHRT --CPUA   04/30/86 09:30:06
To: NSHRT --CPUA

N 17802

-- ~~SECRET~~ --

NOTE FROM: DONALD FORTIER
SUBJECT: Memo to Howard Teicher

Howard please draw upon the following points in your meeting with [redacted] (without others present).

(Underline) Possible Meeting With

--It is possible that [redacted] may be contacted by Khashoggi before long. Khashoggi came to me a week ago after having talked to

toward the purpose of persuading   to meet with [redacted]

--According to Khashoggi,   while fearful, agreed if the meeting were entirely private.

--There would be no preconditions although   was motivated toward establishing some confidence building measures over time. These too, could be based upon tacit performance by both sides and without formal agreement.

--I stated that I agreed with the purpose of such contacts and with the view that any meetings would need to be private.

--Finally I expressed willingness to arrange such a meeting (although Khashoggi is in a position to do that himself). In short   seemed to be seeking US endorsement of the project rather than any specific US role. That's OK with me too.

(Note: Khashoggi's interest was brought to my attention by [illegible] who had been contacted by Khashoggi. As of now we have not been asked to do anything. Your mention of it to [redacted] would only be for informational purposes and good faith in keeping them informed).

(Underline) Help With the Contras

--As we discussed, please reaffirm to [redacted] (as he has already heard from [redacted] that I, we will not press them on the question of assistance to the contras.

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UNCLASSIFIED [redacted] UNCLASSIFIED

[redacted]

FILE: DATE [redacted] DD WHITE HOUSE COMMUNICATIONS AGENCY

2. It is an important matter to us and we face a temporary shortfall in goods.

3. We are of course, very conscious of the vulnerability it would create for the [redacted]

4. If they should decide that they can help, it ought to be done bilaterally although we would be pleased to provide a point of contact

5. Please also let it be known that in your view, I am a little disappointed in the outcome but we will not raise it further.

Destroy this memo.
Copy to Howard Teicher

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

N 17803

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No DATE
Teicher Ex 3

N 8720

myself in Shultz position defending what we have done:

- Enough to make it acceptable to Allies/Arabs

- Save face w/allies/arabs
- why is op staunch still important.

Several Scripts concern about the balance / goes fa. than

- ° Allies (anti-terror will be key)
- ● Arabs (don't double deal on Iran-Iraq, didn't change the balance, intell.)
- ● ~~moderate~~ Intelligence Committees [redacted]
- ● Foreign Affairs
- ● Input into Nat'l sec strategy.

Reaffirmation of our long-term strat inter in Iran, importance

- Iran-Iraq
- Policy hasn't changed consistent w/advancing obj
- stopping terror, part. state-sponsored terror.

Then unfold how actions are consistent in support of

- ° in our interest to make good faith gestures w/ Iranian moderates to build trust in U.S., work w/them to advance convergence. CBM & Good faith..
- ° strengthen their position in factional maneuvering
- ° positioning for succession.

Re terror

- ° dealt w/groups committed to ending terror.
- ° made that comm. after we demanded end to terror.
- ° They complied
- ° We advanced our objective

Release hostages

Not less important that you sell → more impor— that you not.

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10 NOV 86
121086 - Ex. #3H

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TOP SECRET November 10, 1986

DISCUSSION PAPER

International Relations with Iran

N 8714

The Islamic Republic of Iran has maintained diplomatic, economic, and military relations with a variety of countries throughout the world. Recently, there has been much speculation over a change in U.S. policy toward Iran. In order to intelligently respond to either criticism or this speculation, the facts behind Iran's international relations need to be considered.

Diplomatic Relations

Throughout the seven year existence of the Islamic Republic, Iran has maintained diplomatic relations with all of the European nations and all of the Middle Eastern/Arab countries with the exception of Egypt. Despite the war, even Iraq maintains normal diplomatic relations with Iran. Relations with Egypt were broken when the Shah was committed to exile in Egypt. The only western countries not to have diplomatic relations are the United States and Canada.

Economic Relations

Iran's gross national product in 1985 was more than $80 billion, despite the deteriorating situation created by the revolutionary chaos. Major trading partners in 1985 were:

Country	Imports	Exports
Japan	$ 1,360M	$ 2,525M
Turkey	1,000M	1,500M
West Germany	1,647M	642M
Italy	611M	1,502M
Netherlands	270M	1,042M
Spain	284M	888M
France	160M	803M
United Kingdom	678M	80M
United States	74M	763M

Trade between Iran and other Middle Eastern/Arab countries is negligible and primarily conducted on the black market. Iran does provide Syria with oil in payment for trade concessions. Petroleum constitutes 98% of Iran's $16 billion exports, although it is interesting to note that $280 million of their exports to the United States are in agricultural products (pistachio). Machinery, food stuffs, pharmaceuticals, and military supplies make up the bulk of their inputs.

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N 8715

Military Relations

Military shipments to Iran can be divided into four categories: (1) non-lethal military equipment; (2) ammunition and small arms; (3) spare parts for U.S. weapon systems; and (4) major combat weapon systems. [redacted]

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N 8716

[redacted]

Attachments
Tab I -
Tab II -

[redacted]

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N8717, N8718, N8719

DENIED IN TOTAL

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17NOV86

From: NSHRT --CPUA Date and time 11/17/8- 18:44:26
To: NSHP --CPUA

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NOTE FROM: Howard Teicher
SUBJECT: message to dr. keel

N 8507

ollie and i discussed the pros and cons of "unleashing" ledeen. on balance, we now conclude that as long as he convinces us that he will not say things that he must keep silent about, we should agree to his going public. we should be able to talk him through what not to say tomorrow. i don't believe he wants to go before the cameras until wednesday night.

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Teicher - Ex #4

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[illegible]

5735

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20NOV86

FILE: NOT [redacted] WHITE HOUSE COMMUNICATIONS [redacted]

Thanks for your thoughts.

cc: NSAGK --CPUA ALTON G. KEEL

cc: NSFH --CPUA

Michael Ledeen
MSG FROM: NSWGH --CPUA TO: NSHMT --CPUA 11/20/86 17:25:40
NSOLN --CPUA
To: NSWHT --CPUA

-- SECRET --

NOTE FROM: WILMA HALL
SUBJECT: Michael Ledeen

Dr. Keel has asked for your thoughts on using him with media.
Michael was asked earlier this week to be on NIGHTLINE and has been
besieged by media re the "Iran story." Would this be helpful?
If so, how and where would you suggest to Dr. Keel and JMP that Ledeen
might do the most good, if any???

Michael mentioned yesterday that he was going to meet with AIPAC in the
afternoon in an effort to be helpful. Have you had any feedback from
Ledeen or AIPAC as to whether that proved productive and worthwhile??

cc: NSFH --CPUA

Michael Ledeen
MSG FROM: NSWGH --CPUA TO: NSAGK --CPUA 11/21/86 10:13:32
To: NSAGK --CPUA ALTON G. KEEL

-- SECRET --

NOTE FROM: WILMA HALL
Subject: Michael Ledeen

Response from Bud.
*** Forwarding note from NSBCM --CPUA 11/20/86 22:50 ***
To: NSWGH --CPUA

*** Reply to note of 11/19/86 17:10

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
Subject: Michael Ledeen
I don't really know what role Mike played in this matter. I am afraid that he
represented himself with the Israelis to be more than he was—which was
nothing. So I don't see any useful purpose in his appearing. And if he does, I
would have no hesitation about disavowing him.

cc: NSAGK --CPUA ALTON G. KEEL

Michael Ledeen
MSG FROM: NSWGH --CPUA TO: [illegible] --CPUA 11/21/86 10:10:11

UNCLASSIFIED [redacted]

N 17816

ledeen 1 x 5

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TEICHER EX. 6

SECRET [redacted]

FILE: NOTE [redacted] WHITE HOUSE COMMUNICATIONS AGENC

20 NOV 86

To: NSAGK --CPUA ALTON G. KEEL

-- SECRET --

NOTE FROM: WILMA HALL
Subject: Michael Ledeen

Reply from Howard Teicher
*** Forwarding note from NSHRT --CPUA 11/20/86 18:55 ***
To: NSWGH --CPUA

*** Reply to note of 11/20/86 17:25
NOTE FROM: Howard Teicher
Subject: Michael Ledeen
as of this time, i have not been able to get through to ledeen or dine.
however, i do believe that we should let michael meet the press.
F
: Michael Ledeen
MSG FROM: NSJGR --CPUA TO: NSWGH --CPUA 11/21/86 17:12:01
To: NSWGH --CPUA

NOTE FROM: Alton G. Keel
Subject: Michael Ledeen
Bud, says do not! Repeat, do not!
*** Forwarding note from NSWGH --CPUA 11/21/86 18:35 ***
To: NSAGK --CPUA ALTON G. KEEL

-- SECRET --

NOTE FROM: WILMA HALL
Subject: Michael Ledeen

Response from Ollie
*** Forwarding note from NSOLN --CPUA 11/20/86 22:24 ***
To: NSWGH --CPUA

*** Reply to note of 11/20/86 17:25
NOTE FROM: OLIVER NORTH
Subject: Michael Ledeen
Let him go. Take off the muzzle.
F
* Michael Ledeen
MSG FROM: NSWGH --CPUA TO: NSJMP --CPUA 11/25/86 10:42:00
To: NSJMP --CPUA JOHN M. POINDEXTER

-- SECRET --

NOTE FROM: WILMA HALL
SUBJECT: Small Intrusion

Knowing how busy you have been, I have hesitated to intrude but I want you to know I admire you so much -- but never more than these past 3 weeks. I believe the President has been well-served with you at the helm; he could not have been better advised; your steadiness, consistency and professionalism are a rare quality here. I am sure you consider your resignation to be the right thing to do but -- please forgive me -- I must disagree. Sitting in your outer office & knowing the hectic schedule and pace you maintain,

TOP SECRET [redacted]

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N 17817

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TOP SECRET [redacted]

FILE WITH [redacted] WHITE HOUSE COMMUNICATIONS AGENCY [redacted]

PAGE 00002

Teicher 1 #7

22 Oct 85

N 17310

*** Reply to note of 10/22/85 10:11
NOTE FROM: Howard Teicher
Subject: Khashoggi

i will be glad to, especially since i will see khashoggi at a luncheon on friday. it would be helpful if bud has guidance for me re any particular message which he might want passed on. additionally, in the memo which i sent bud analyzing the khashoggi memo (system II august 13 1985) i included talking points for bud to use should he desire to talk with khashoggi. would bud like that turned into a letter which i could deliver? alternatively he might wish to call khashoggi? please try to get some guidance back to me before the friday luncheon. on the lighter, please remind bud that i have a good joke for him to use with the president (1-2 minutes).thanks.

8 Khashoggi

[redacted] [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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22 Oct 85

Teicher Ex 8

UNCLASSIFIED [redacted]

[redacted]

FILE: NOTE [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

PAGE 00001

[redacted]

MSG FROM: NSWGH --CPUA TO: NSHRT --CPUA 10/22/85 10:31:06
To: NSHRT --CPUA

-- SECRET --

NOTE FROM: WILMA HALL
SUBJECT: Shanaboggi

Bob Shaheen called to see whether RCM had any response to the long memorandum recently sent to him by Shanaboggi. I responded that RCM had received and reviewed the document and had shared it with you; had been heavily engaged here. Shaheen offered that "perhaps Teicher could at least call; so much effort had been put into the memo that he felt some acknowledgement would be welcomed by Shanaboggi."

Could you call Shaheen on behalf of RCM, please? RCM is totally scheduled and unable to do. Many thanks.

cc: NSRCM --CPUA ROBERT MCFARLANE

* Shanaboggi
MSG FROM: NSWGH --CPUA TO: NSRCM --CPUA 10/22/85 15:17:00
To: NSRCM --CPUA ROBERT MCFARLANE

-- SECRET --

NOTE FROM: WILMA HALL
Subject: Shanaboggi

Any guidance for Howard - his note follows.
*** Forward[illegible] NSHRT --CPUA 10/22/85 10:50 ***
To: NSWGH

UNCLASSIFIED [redacted]

N 16503

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PAGE 00001

Teicher Ex. 9

22 Oct 85

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FILE: NOII [redacted] WHITE HOUSE [redacted]

[redacted]

10/22/85 10:31:06

MSG FROM: NSWGH --CPUA TO: NSHBT --CPUA
TO: NSHBT --CPUA

-- SECRET --

NOTE FROM: WILMA HALL
SUBJECT: Khashoggi

Rob Shaheen called to see whether RCM had any response to the long memorandum recently sent to him by Khashoggi. I responded that RCM had received and reviewed the document and had shared it with you; had been heavily engaged here. Shaheen offered that "perhaps Teicher could at least call; so much effort had been put into the memo that he felt some acknowledgement would be welcomed by Khashoggi."

Could you call Shaheen on behalf of RCM, please? RCM is totally scheduled and unable to do. Many thanks.

CC: NSRCM --CPUA ROBERT MCFARLANE

* Khashoggi 10/22/85 15:17:40
MSG FROM: NSWGH --CPUA TO: NSRCM --CPUA
TO: NSRCM --CPUA ROBERT MCFARLANE

-- SECRET --

NOTE FROM: WILMA HALL
Subject: Khashoggi

Any guidance for Howard - his note follows.
*** Forwarding note from NSHBT --CPUA 10/22/85 14:50 ***
TO: NSWGH --CPUA

UNCLASSIFIED [redacted]

N 17809

UNCLASSIFIED

5740

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Johnson, National Security Council

25 Oct 85
N 18782

UNCLASSIFIED

Teicher Ex. #10

[redacted]

MSG FROM: NSHRT --CPUA TO: NSDRF --CPUA 10/25/85 17:50:07
To: NSWFM --CPUA ROBERT MCFARLANE NSWRP --CPUA ROBERT MCFARLANE
NOTE FROM: Howard Teicher
SUBJECT: adnan khashoggi

adnan expressed his complete appreciation for your inability to get back to him in the foreseeable future. he hoped that you would authorize me to "help him understand u.s. policy in the middle east" in the next week or so. the more interesting substantive points included:

- he met with [redacted]arlythis past week. he does not have much hope for him in terms of displaying any statesmanship in the near future. he also took credit for [redacted]
- he met with [redacted] in new york. he believes that [redacted]s taking us for granted and is therefore pushing us into a position where we cannot serve as an intermediary. (he made this same point in his memo.)
- he was especially verbose about [redacted]

cc: NSDRF --CPUA NSWFM --CPUA JOHN M. POINDEXTER
NSWRP --CPUA JOHN M. POINDEXTER

MSG FROM: NSRCM --CPUA TO: NSDRF --CPUA 10/25/85 18:08:33
To: NSWFM --CPUA

*** Reply to note of 10/25/85 17:56

NOTE FROM: ROBERT MCFARLANE
Subject: adnan khashoggi

12

Fortier Files - 12/23/86
AWK

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18 JAN 86

UNCLASSIFIED

Teicher Ex# 11
DENIED IN
TOTAL

18 JAN 86 (n7504)

5742

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~~TOP SECRET~~
UNCLASSIFIED

HSITS-3/87

ORIGINAL

Deposition of Paul Thompson

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Monday, March 9, 1987

The deposition was convened, pursuant to notice, at 3:30 p.m., in Room H-328, The Capitol.

Partially Declassified/Released on 31 Aug 87
under [illegible]
By B. [illegible]

33 of 3

3958

UNCLASSIFIED
~~TOP SECRET~~

Mr. Eggleston. Just so the record is clear, this deposition, as it is conducted, is classified. The names of various individuals who are mentioned in this deposition have not been revealed publicly and care should be taken in dealing with this deposition to assure that the names are not revealed.

Mr. Raul. Fine.

Mr. Eggleston. I am Neil Eggleston, Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran, and also present is George Van Cleve, who is Chief Minority Counsel.

Mr. Van Cleve. Yes.

Mr. Eggleston. The witness is Paul Thompson. Immediately before we went on the record, Mr. Alan Raul, who is also attending as ---

Mr. Raul. Associate Counsel to the President and representing Mr. Thompson.

Mr. Eggleston. Mr. Raul has asked for a copy of the deposition. I have told him that the rules provide, to my understanding, at the very minimum, for his client, for Mr. Thompson to have an opportunity to review the transcript and make any corrections.

I am uncertain about whether or not the rules permit, on his request, to give him a copy of the transcript. I will get back to him on whether or not he can have it, but I certainly achnowledge here that he has made a request for the transcript.

Whereupon,

PAUL THOMPSON

was called as a witness for the Select Committee, and, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

BY MR. EGGLESTON:

Q As you probably know, this committee has a broad mandate to investigate various activity including various activities of individuals in and outside of the government relating to what has now been colloquially referred to as the Iran Contra Affair. You have been asked to appear pursuant to that and we thank you for coming today. I don't think this deposition is going to take very long. Just so there is no confusion, I will cover several different areas and I will just review the areas so you know what will be coming. I will ask a few questions about your background, military background, questions about your first involvement when you first came to the NSC, a little about the NSC, and I will ask you specific questions about your role there and focus on some of the last events that took place recently. Those are the areas I intend to cover.

I don't intend to ask you anything about things you might have done at the NSC that are not included within the scope of this investigation. I am not going to ask you about other thing that you might have worked on. I think that might cover areas I am not cleared to hear, so I will not ask you about that.

Where were you born, Mr. Thompson?

A I was born in Keene, New Hampshire.

Q What is your date of birth?

A September 27, 1946.

Q So that makes you how old?

A Forty years and some months.

Q Mr. Thompson, could you tell us about your educational background?

A Certainly. I completed eleven years of school in the normal public school system. I spent my twelfth year in Germany as an exchange student. I then spent four years at Boston University, earning a Bachelor or Arts degree. I then spent a year in post-graduate work at the University of Maryland in International Political Science. I then entered the United States Navy and went on a four-year tour. I then spent three years in law school at the University of Baltimore. I then entered active duty with the Navy and spent another three years at the Georgetwon University School of Law, earning a Masters in Tax.

Q What year was it that you entered the Navy?

A I entered the Navy in September of 1969.

Q What is your current rank?

A Commander.

Q What year is it that you began law school? I think you said the University of Baltimore?

A Right. It was in August of 1973.

Q And what kind of responsibilities did you have with the Navy between September '69 and August of 1973?

A Well, my first assignment was on board ship, the USS Cambria. I was a second division officer and boat group commander, basically a line job.

Q And where were you principally located?

A Well, the ship deployed to the East Mediterranean, so I was part of the 6th Fleet.

Q Did you go to law school continuously then from August '73 through '76 or so?

A Through December of '75.

Q December '75?

A That is correct.

Q And you indicated that there came a time when you went to Georgetown to get a Masters in Tax?

A That is right.

Q When was that?

A I started that program, it was a night program. So I started it in September of 1976 and completed it in December of 1979.

Q Does that mean that throughout the period '75, really through '79, you were principally located in the greater Washington area?

A Yes. I was stationed right here at the Navy Yard.

Q You did not have a line assignment?

A No. Upon completion of law school I transferred to the Judge Advocate General Corps and I was a member of the JAG Corps in the Navy since 1976, so I was in a legal assignment here in Washington while I was in law school. I should point out that I attended law school under a Navy program called the Excess Leave Program, so I have actually been on continuous active duty since September 1969.

Q During the course of this period of time, '69 to '73 when you were engaged in active duty, in that period of time did you have any training or involvement in any special operations type assignments?

A No, none whatsoever. I should also point out that I spent,my initial tour was on board ship. That lasted for one year. I then spent about two and a half years in Turkey assigned to a military mission.

Q What did you do when you were in Turkey? What did it mean to be assigned to a mission?

A I was primarily the flag lieutenant and aide to a rear admiral who was stationed in Turkey who was the chief of the Navy section of the Joint U.S. military mission for aid to Turkey with the responsibility of JUSMMAT, as it was known as to assist the Turkish military in upgrading their capability.

Q Who was the admiral that you were assigned to?

A An admiral, two admirals, actually, one was Walter N. Dietzen, Jr., and the second was John G. Williams, Jr.

Q Dietzen is spelled?

A D-i-e-t-z-e-n.

Q And if you could just take me from 1976 when you graduated from -- excuse me -- when did you graduate from the Georgetown program?

A 1979.

Q After that time, what assignment did you have?

A You are not interested in what happened between '76 and '79?

Q I am. But I would like to get forward first here.

A We come in the middle of a tour in that case.

Q Let me ask you about the beginning of the tour, then.

A In 1976, when I was admitted to the Bar, and I arrived in Washington, D.C., I was attached to the Navy Legal Service Office here at the Navy Yard and I was the trial attorney for about a year and a half, both trial and defense. At the end of that time I became what is known in the military as Head of Military Justice, which means I was like the senior trial, senior trial attorney for both trial and defense sections. I then left the trial activity and was transferred to the appellate activity where I spent the next twenty months as a government appellate attorney arguing cases in front of the Court of Military Appeals.

Q What years was that?

A And writing briefs. This would have been mid-'77 to mid-'79.

Q All right.

A In May of '79 I was then transferred to the Naval Audit Service where I performed a job known as staff Judge Advocate to the Auditor General of the Navy who was an admiral by the name of James B. Busey. That job entailed, in contrast to my previous two assignments in which I was primarily doing criminal and military justice, that job entailed fraud, waste, and abuse, white collar crime, fiscal law, and so on. In July 1980, I was then transferred to the Department of -- to the Office of the Secretary of Defense where I became a member of the staff of the Assistant to the Secretary for Legislative Affairs as a legal and legislative counsel.

Q How long did you remain there?

A I was there for three years until June 1983 at which time I went to the White House to the National Security Council.

Q Let me focus on that period, July '80 through July '83 when you were assigned to the position of Office of Secretary of Defense. What were your duties when you were at that position?

A Primarily a liaison function and my areas of responsibility were within the Office of Secretary of Defense, the Assistant Secretary for Control, Communications, and Intelligence, Command, Control, Communications, and Intelligence, C-Cubed, as it is called, so I was liaisoning with the House Permanent Select Committee on Intelligence and the counterpart on the Senate side, as well as the Judiciary committees because I also performed liaison between the General Counsel of the Department of Defense and Congress.

Q Were you the principal liaison between that office?

A I was for the area of intelligence and for the legal matters, yes.

Q What would be included within what you call the areas of intelligence? What kind of areas would you mean by that?

A Well, the annual authorization, the appropriations bills which covered the national foreign intelligence programs, all matters of programmatic matters arising during the course of the year which would fall within the oversight responsibilities of the committees.

Q Would areas like particular relevance to questions I have coming up, areas like Congressional notification about various things that arise under various statutes, would that fall within your area?

A Arguably, it could have. It seems to me the Intelligence Oversight Act, as it is called, was passed just about as I arrived or shortly after I arrived there which articulated the reporting requirements to particular chairmen and Members over here.

Q Were you ever involved in reporting -- I won't ask you what they wre -- but involved in reporting any particular activities during the period of time that you were there?

A No.

Q If there had been aomething to report within your area would that have been something you would have done or would you have just coordinated that on behalf of somebody else?

A I would have done the coordinating at best since I was the liaison person. I was not a substantive portfolio person. But I would not probably have gotten involved in the actual reporting. I don't recall any incidents while I was there.

Q During this period of time when you were at the Office of the Secretary of Defense, were you involved in the AWACS sale?

A No.

Q You didn't have any? Didn't that take place in '81 or so? When I say the AWACS sales, I don't mean the actual sales, but involved in the Congressional effort to get the AWACS sales passed.

A That was another part of the office altogether.

Q So, you were not involved?

A No.

Mr. Raul. Let me interject for a second. Commander, were you in the Office of the Secretary of Defense or the Office of the Assistant Secretary for Legislative Affairs?

The Witness. Office of the Assistant Secretary for Legislative Affairs, but we provided the exclusive legislative support to the Secretary.

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BY MR. EGGLESTON:

Q Let me ask you, I would like to ask you if you knew a number of people prior to June of 1983.

A Okay.

Q Prior to June of 1983, did you know someone who is now Lt. Colonel Oliver North?

A No.

Q How about Richard Secord, did you know him?

A No. I knew of the name because he worked in the Pentagon at the same time I did. I had never met him.

Q When I say, did you know him, to your recollection had you ever even met him in any fashion?

A No.

Q How about a man by the name of Robert Dutton?

A No.

Q Richard Gadd?

A No.

Q Did you know Robert McFarlane?

A I knew the name only in his capacity as the Deputy National Security Advisor.

Q But you had not met him?

A No.

Q And Admiral Poindexter?

A No.

Q You did not know him prior to the time you were

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transferred to the National Security Council?

A No.

Q You indicated that you were transferred to the National Security Council in, I think you said June of 1983.

A Correct.

Q And what job did you have when you were first transferred?

A My first assignment was Deputy Director of Legislative and Legal Affairs.

Q Who was your supervisor?

A Director of Legal and Legislative Affairs was a gentleman named Christopher ~~Mann~~ Lehman.

Q How long was he there?

A He was there -- at the NSC or within that directorate as my supervisor? I only remained in that directorate for about nine months.

Q Let me ask you in a similar fashion to describe the variuos jobs you had at the NSC if that wouldn't take too long, between June '83 -- are you currently there?

A Yes.

Q Until the present, then.

A Sure.

As you know, the NSC is organized into directorates. It has an Executive Secretary and about 12 to 14 directorates, so when I first arrived there I was assigned to the directorate of Legal and Legislative Affairs. As the Deputy Director for Legal and Legislative Affairs, I had -- the reason I say this, I need to correct one other aspect -- I had as my supervisor Chris Lehman for legislative affairs and then general counsel to the NSC a gentleman named Robert Kimmett as my immediate supervisor for legal affairs. So, I actually reported to two individuals.

After nine months, I moved down to the Executive Secretariat of the NSC and became the Deputy Executive Secretary and retained my deputy or my legal counsel role, so I was both the staff counsel and the Deputy Executive Secretary for another nine months.

Q We are talking now about March or so of 1984?

A Right. I was in that capacity in my first assignment. I then became the Deputy Executive Secretary and Deputy Staff Counsel until December of '84.

Q Just to clarify, you started in June or so of 1983?

A Right.

Q When did you take the job as Deputy Executive Secretary?

A Spring of '84, it would have been around March or so, April.

Q You remained there until about December '84?

A Correct.

Q And what job did you take then in December '84?

A Starting January 1 of '85, I became the military assistant to Mr. McFarlane.

Q Okay.

A I still retain my hat as the deputy legal officer to the NSC.

Q Who did you report to then as the deputy legal officer?

A To the General Counsel, Robert Kimmet.

Q It was still Robert Kimmet at that time?

A Yes, and that continued up until June '85. So, from January 1, 1985, until January 5 of 1986, I was the military assistant to Mr. McFarlane.

Q Okay.

A January 5 was his last day, although in effect he left in early December '85. I stayed in that job and became the military assistant to Admiral Poindexter.

Q Okay.

A Now, in June of '85, when Kimmet left to go to the Department of Treasury, I then became the primary legal officer at the NSC.

Q Had those been joint jobs prior to the time that you took them?

A Yes, Kimmet was the staff counsel or legal counsel when I arrived there. I actually relieved him and while he was doing that he had also done other things. He had done security assistance and legislative affairs. It is not unusual to be double hatted.

Q Right. I just wondered whether that had been covered. Do you still retain the current job that you had since then?

A Yes. Well, up until November 25 I retained those jobs and then we had a transitional period during which time Mr. Al Keel was the acting National Security Advisor.

Q Right.

A That takes us through 2 January of '87. I kept both jobs through that period of time.

I then became the military assistant to Mr. Frank Carlucci, which I am currently still doing. In late January of this year, 1987, a gentleman named Paul Stevens arrived and he assumed many of my legal duties and became the legal advisor to the National Security Advisor.

I have been still performing some legal functions; however, Paul now has the primary responsibility.

Q Let me just take you through a few more background questions about yourself and then we will move to a few other specific areas. What are your principal duties as military advisor?

A Military assistant to the National Security Advisor.

Q Yes.

A It encompasses serving as that individual's special assistant and being responsible for basically the main issues which he faces in a given day, everything from the paper that crosses his desk to the meetings that he is required to be prepared for, liaison with the rest of the staff. I deal with his counterparts if he is busy. I anticipate whatever problems and demands will be on his time.

Q Were you then, just to put it in terms that I can understand it, were you his principal deputy then? I am starting first with Mr. McFarlane, during the time of a year or so that you had that job.

A No, that would be inaccurate.

My role was strictly in support of the incumbent of the National Security Advisor, that individual. He had a deputy who would stand in for him in his absence who was his principal deputy.

Q Who was that?

A Well --

Q Who was that in 1985 and 1986?

A In 1985, throughout '85 it was Admiral Poindexter.

Q Right.

A In 1986, it was initially Don Fortier, until he succumbed to cancer.

Q When is it Mr. Fortier ceased to work actively at the NSC?

A He went home ill in May of 1986, and never returned.

Q Okay. I knew there came a time prior to the time that you were there.

A Yes, and he died in August.

Q Did someone take his place?

A No. During that time we had the NSC under Admiral Poindexter. It had been configured to have two other deputies in addition to the two principal deputies. So those two individuals assumed a little more responsibility and the Executive Secretary who is normally the third or fourth in line anyway as far as responsibility management goes also assumed more responsibility. I did a few more things, but that was the primary responsibility.

Q Who were the five people under Admiral Poindexter after Mr. Fortier left?

A There were two other deputies, one named Peter Rodman, Deputy Security Advisor for Foreign Policy, and William Cockell was the Deputy National Security Advisor for Defense Policy.

Q In 1985, where was your office?

A From March '85 until the end of the year it was located in an ante-room right next to the National Security Advisor's office.

Q And in 1986, did you remain in the same location?

A Same, yes.

Q I was there the other day, are you the office immediatel next to the National Security Advisor's office?

A That is correct.

Q In that position that you held in 1985 and 1986, did you routinely review paper, documents that were forwarded or transmitted to the National Security Advisor?

A Yes, I did.

Q Did you also review his, the PROF memos that were sent to him?

A No, only if they were copies to me. In the PROF system you can send messages to the addressee exclusively or you can copy individuals. So it depended on what the originator of the message did.

Q Let me ask it this way: I understand that in particula situations there may have been arrangements such that someone sending a message can send a message to that only the recipient can review that, the recipient or someone who has the recipient's password or machine or something.

A Yes.

Q Apart from those, apart from those that would have been sent under some sort of special system, did you review any of his other PROF messages that were sent to him? Would you routinely review any of the others?

A No, I was never aware of any messages that would be sent to him unless I were copied on them.

Q Okay.

A Each member of the staff has his own user ID and his own password and they dial up their messages and dispose of them or forward them and do whatever they want with them. I was never at any time aware of anybody else's password other than my own.

Q There is a PROF, series of PROFs that are now famous called Private Blank Check, that had a title of Private Blank Check. Were you aware during late '85 and '86 that such PROF messages under the title of Private Blank Check were being sent back and forth?

A No, I am not familiar with that title. I am aware that a lot of staff officers had the capability of communicating directly with Admiral Poindexter via PROFs.

Q But you were not aware of that particular track?

A No, no. You know, the way the PROFs are structured, it is so as to prevent the National Security Advisor from being bombarded with hundreds of messages in any given day. Most of the staff had to send their messages via the executive secretary who then would filter them and only forward select ones and when that individual forwarded them he would copy me so if they came up through that system I would be aware of what they were, normally. He would copy me out of courtesy and of necessity so I could track various action items.

Q Who was the executive secretary during this period of time?

A Well, it was once again more than one person.

Q I thought it might have been.

A It started off -- we have a high attrition rate.

Q Really, particularly recently. Really, I was thinking '85 and '86. Was it several different people in that time period?

A Yes, it was. It was three different people.

Q Okay, if you could just tell us.

A Bob Kimmet from January 1 of '85 and in a continued role up to June 17, '85, then when he left, William Martin took over and he stayed as executive secretary until around February 1986. During February, early February, he was relieved by Rodney McDaniel, who stayed in that position up to January 2 of '87.

Q So is it fair to say that the messages that were sent to Admiral Poindexter by the Executive Secretary,you routinely saw those?

A Most of them. He had to put the copy to my user ID below. He didn't always do that. I should point out, also, that there was one other individual who did most of the PROFs forwarding, that was a gentleman named Robert Pearson, Deputy Executive Secretary throughout that period of time. Pearson came and relieved me from being Deputy Executive Secretary back in January of '85.

Q Okay. But if I were to look at any particular PROF memo, can I tell whether you read the PROF memo or whether that memo was sent to you by looking at the memo itself?

A Yes, you can look at the bottom and if you see "cc: MSPBT," generally I was sent it.

Q If it was not there that would mean you would not have seen it?

A Absolutely. That is the case unless it were handed out and sent to me.

Q Let me ask you about paper flow. I have noticed an enormous number of memoranda that were writen, again, for example, by Oliver North to Admiral Poindexter. He seemed to be a fairly prolific writer.

A Yes.

Q A number of these were suggestions or what I call action memos, although there may be another term, suggesting Admiral Poindexter take various action. Those could range anywhere from authorizing a trip that Mr. North wanted to take, to briefing the President on a particular item or particular event.

Did you routinely see memos of that kind in your position?

A Routinely, I did. There were always some that were hand carried in by a staff officer in an appointment or handed to the Admiral elsewhere that I did not see.

Q So you didn't necessarily see them?

A No.

Q Was there a method by which the action that Admiral Poindexter took was recorded?

A Almost always. He would document on the memo, as you probably notice, they called for disapproval or approval, he was very careful usually about documenting that.

Q When those were documented or the document itself usually by his initials or some initials and a note, what happened to that piece of paper? Where would it go?

A It is important to distinguish as to whether or not they were what we call system items or not. If they were identified by a system number, either a system 1, 2, or 4, which can be identified by a log number in the upper righthand corner, they were sent back then via our Executive Secretary where they were recorded and they were entered into our chronology as a recorded decision.

Q What kind of things fall within 1, 2, or 4, what kind of decisions?

A Well, we devised this, these categories of systems sometime ago to try to make more sense out of the vast amount of paper that comes through that, and System 1 was primarily administrative, internal action or administrative type system.

Q Would North's request for authorization to travel fall within System 1?

A Yes, right. Those would normally be dealt with at the Executive Secretary level, rarely even come up to the front office.

Q Okay.

A System 2 was primarily an NSC type system of sufficient sensitivity to be dealt with in a classified manner and therefore almost all items and systems were classified. They usually deal with most of the main functions of the National Security Council which require some sort of either action or information to be taken by the National Security Advisor or by the President, so they were on their way to that level and they are usually of significance.

System 3 is defunct and has been for years.

System 4 is designed primarily for intelligence documents, most intelligence, originally it was defined by items coming out of the intelligence directorate. It then was expanded somewhat to include highly sensitive items which a staff officer could use by contacting our System 4 custodian, get a System 4 number and using that to have an item sent forward to the National Security Advisor. System 4 is usually hand-carried, usually put in an envelope so it receives more protection than the System 2.

Q Well, let me just take an example which is not going to shock you, but take an example where Mr. North is writing a memo to Mr. Poindexter and suggesting that Poindexter advise the President or brief the President on a particular event. If Poindexter says "concur" or initials the "yes" box, is that a System 2 document?

A Probably should be. In most cases it would be.

Q The document itself is sent to some central file?

A Oh, yes, sure.

Q Does Mr. Poindexter also keep a copy of the document?

A No, he rarely kept any paper at all. A chronology is maintained for him within the Secretariat of his action, usually the original document is stored there. That becomes the record copy and a copy of the decision is sent back to the action officer who perpared it.

Q There was a memorandum that is oft referred to as being undated but which the Tower Commission concludes is dated April 4 or so. It is, I think, quoted in some length in the Tower Commission report -- I am starting to forget where I saw things.

Prior to November 1, '86, had you seen that memorandum?

A No.

Q When is the first time you saw the memorandum?

A I saw it either the Monday or the Tuesday at the end of November, the 24th or 25th.

Q I would get to that in ordinary course, but you did not, to your recollection, see it around April or so of 1986?

A No.

Mr. Raul. Can we go off the record for a second?

Mr. Eggleston. Sure.

(Discussion off the record.)

Mr. Eggleston. Back on the record.

BY MR. EGGLESTON:

Q Did you attend meetings of the National Security Council?

A I did occasionally.

Q And on what kind of occasions would you be asked to attend?

A Oh, if legal issues were being discussed, or if my appearance there would be of assistance to the National Security Advisor.

Q That was essentially the decision of the National Security Advisor?

A Yes.

Q Did you attend both under Admiral Poindexter and under Mr. McFarlane?

A Yes.

Q Do you know the number of times you attended?

A No very many.

Q Well ---

A Probably four or five.

Q About two under each or so or more under one than the other?

A I would have to look it up. I suspect I went two or three times under McFarlane and perhaps more under Poindexter, but we had meetings which were not strictly statutarily National Security Council meetings, but were Presidential meetings with several members of the NSC plus other senior advisors which I attended, so "NSC meetings" is a word of art. There are also what are called NSPG meetings which are equivalent in many respects.

I would say perhaps in the two years I was there I went to a total of ten meetings which were considered NSC related meetings.

Q During the times that you were there, were there note takers?

A Yes, I recall there were.

Q Was there during the time that you were there, times that you were there there was a particular person designated to be the note-taker?

A Sure.

Q Who were the persons designated,and you may well answer it was different people on different occasions.

A It normally was. Ideally, the Executive Secretary would perform that function.

Q Did the Executive Secretary also attend the meetings?

A Mr. McDaniel tried to go most of the time unless it was just a problem with space. We always tried to keep these meetings small. If it was really an exclusive meeting, then the Deputy National Security Advisor would take notes. If it were somewhat broader, the Executive Secretary would. Or, ideally, the action officer responsible for that particular area would go and take notes. He was usually the most conversant and took the best notes.

Q And when you referred to "if it was an exclusive meeting and the Deputy National Security Advisor was taking notes," are you referring to yourself?

A No. Once again, I am referring to -- I am referring to Fortier, Keel, or Poindexter.

Q Okay. So, after the period of time where Fortier dropped out, no longer is actively involved ---

A Then it would have been,during the interim period it would have been Rod McDaniel and then Al Keel came in September of '86.

Q Okay. Did Admiral Poindexter take notes?

A As Deputy?

Q Right.

A I am sure he did. I can't recall being at meetings when he was there as note-taker.

Q Okay.

A Normally, the action officer took notes.

Q By "action officer," you mean the lower level officer?

A The staff officer, right,whose meeting was his area of responsibility.

Q Was there a routine manner of dealing with those notes after the meeting? Were they taken back by the officer?

A Yes, they were.

Q And were they filed in any central location or were they filed wherever that person filed his materials?

A In most cases, as I understand, they were typed up and sent forward for approval by the National Security Advisor and they were either looked at by him or in most instances by the Executive Secretary who approved them and sent them back for filing, but they were in the system. They could be identified by number.

Q And they would have been put into this chronology or whatever it was?

A Yes.

Q Did you participate in the preparation of the President's daily briefing book?

A No.

Q No?

A No. Well, I would often participate in adding items to it. The make-up of the book is done by the intelligence analyzers.

Q Do you know what happens to the book after the President is done with it?

A Yes.

Q What happens to it?

A It is sent back to our office where it is looked at either by me or the National Security Advisor and then it is sent downstairs to the Executive Secretary who also looks at it and then it is sent to the Situation Room where it is disassembled.

Q And the various parts are returned to the agency that prepared it?

I should have asked the question this way: What did you mean by "disassembled"?

A That is correct. The information items are taken back out and sent back to the staff officer that prepared them and the intelligence documents are taken out and I believe they are filed in the White House because they have the Presidential initial on them. If not, they are sent back to the agencies.

Q Did the President on occasion, to your knowledge, write notes on the side asking about things?

A Sometimes he would.

Q What is this about?

A Yes.

Q Is there someone responsible for responding to those questions?

A Yes, sure. We would immediately take them and staff them to the respective staff officer to prepare a memorandum from the National Security Advisor back to the President answering the question.

Q And those notes would have been retained, those notes, I mean the President's marginal notes?

A Yes, those would normally become a tab in the memo going back to the President answering his question.

Q Was there a particular area of legal expertise that you had when you were at the National Security Council or when you had the legal job at the NSC?

A No, I would have to say I would be known as a house counsel, or general counsel. The NSC staff is comprised of about 40 to 50 professionals and another 100-plus support personnel and they are a quasi-agency for a lot of persons. We are subject to the Freedom of Information Act. We have normal agency obligations as far as budget and personnel matters go, so that I would spend some of my time just administering to the agency in its agency capacity.

My external responsibilities, I participated in the interaction process. My counterparts were mostly the general counsel of the area agencies or the national security community and the issues there were very diverse, ranged all the way from intelligence-related matters to international law to defense law and normal legal issues that come up to the President for decision making.

Q I had one or two more structure type questions that I wanted to get to. Did Admiral Poindexter have regular meetings of his executive staff?

A Oh, yes, every day.

Q Were you part of those staff meetings?

A Yes.

Q Did Colonel North attend those staff meetings?

A He did. He was there for most of the morning staff meetings every day at 7:30 throughout Admiral Poindexter's tenure, also during McFarlane's and now during Carlucci's, there is a 7:30 office director staff meeting.

Q How many people attend that under Admiral Poindexter?

A It always averaged around 20, between 20 and 25.

Q How long did they last?

A From 7:30 to 8:00.

Q And did ---

A Four days a week.

Q Did Mr. McFarlane similarly have such staff meetings?

A Yes. They were started by Judge Clark in August of 1983 and they have been going ever since.

Q Same substantial group of 20 or so?

A That is correct.

Q At what level, the director level and above attended?

A Well, one representative from each directorate. That is the standard. Ideally, the senior director would be there. If he or she can't make it, they would send their representative.

Q Did Colonel North nearly always attend?

A Yes. He was there almost all the time.

Q He was not the senior person in his directorate though, was he?

A No, he wasn't. He was there because a lot of times he was working issues that were of interest to the National Security Advisor due to their time sensitivity. His portfolio included terrorism, and it was quite often a relevant topic to be discussed. There was space for him, so he normally showed up.

Q Again, maybe there is more than one, but who was his supervisor throughout this '85, '86 period?

A His supervisor up until -- I guess until December of 1985, would have been Don Fortier.

Q And after that?

A After that I guess it became Howard Teicher. I am not entirely sure. North was in the Political-Military Directorate.

Q Right.

A His area of -- his geographic area of specialty was Latin American Affairs, so he always came underneath the senior director for Latin American Affairs and that was a number of people through the years.

His other portfolio included terrorism and crisis management within the context of terrorism and under that he worked, I guess, for Teicher.

Q Would his supervisor frequently attend these meetings as well?

A Yes.

So, on those occasions when Colonel North would be there ---

A There were both,Latin American and Political-Military Affairs would have been represented.

Q Were there notes taken at those meetings?

A No, not in a systematic way at all. Those were really, the purpose, the meeting is to face the issues of the day, prepare the National Security Advisor to go meet with the senior staff of the White House and the President and get guidance and talk to the press and things like that.

Q Let me get back to some of the legal questions. I had asked you about your legal role and you generally outlined the various areas that you covered.

In October 1984, the Boland Amendment, October or so of '84, the Boland Amendment was passed.

A Yes.

Q During the time that you were at the National Security Council, at the NSC, were there any formal memoranda or any formal responses written advising members of the National Security Council about the Boland Amendment, whether it applied to them, various aspects of the Boland Amendment?

A We had some discussion on the Boland Amendment, I know, in 1985. In '84, I don't recall specifically any memos being written for the benefit of the staff, although each time there would be a passage of a legislative bill, regardless of whether it involved Latin America or any part of the world, normally, these were brought up in the morning staff meetings by any number of staff members concerned about their meaning.

Of course, the Boland Amendment affected one of the major policy initiatives of the administration, so it was frequently discussed.

Q Was the effect of the Boland Amendment on the National Security Council ever discussed?

A Yes, I believe it was.

Q Do you recall a specific time when it was discussed?

A Well, I believe it was discussed during the summer of 1985, when we were responding to a number of Congressional inquiries concerning the activities of North and perhaps others, other NSC staff members dealing with Contra-related activities.

Q Were you involved in the responses to the Congressional inquiries?

A Yes, I was. I was involved in that I was aware of the fact that we did a search of documents which might have a bearing on the Congressional concern.

Q As I recall, there was a spot of activity in the summer of '85 and then another spot or burst in the summer of '86. Is that consistent with your ---

A Congressional activity?

Q Yes, Congressional inquiry about Oliver North.

A That is what I recall.

Q Were you involved in both phases in '85 and '86?

A I was involved primarily in '85. That was one when -- which Mr. McFarlane actually signed a number of letters to the committees and he also met with the leadership of some of the committees.

Q Right.

Under Mr. McFarlane, were you the principal person responsible for responding to these inquiries?

A Well, it was like all issues that come to the NSC, we have a system by which we use these directorates with overlapping responsibilities so if a letter came in from Congress it would have been assigned for primary action either to our Office of Legislative Affairs or to our regional office and in this case it would be the Latin American Affairs to draft the response or to do an appropriate memo for McFarlane back to Congress.

I would have been down for either concurrence in that response or for information, I can't recall which it was now. At any rate, I do recall seeing the letter. I am aware of a search and I know a number of documents were turned up which were relevant to North's activity, all of which were presented to the National Security Advisor.

Q Let me focus just on the summer of '85.

A Okay.

Q First, in response to the Congressional inquiries, and I guess Chairman Hamilton was among the people who was bombarding the NSC with letters, in response to the Congressional inquiries in the summer of '85, did you conduct an investigation into the activities of Colonel North with relation to his contacts with the Contras?

A Well, what we did was to search within our files for all relevant documents dealing with that matter. We then, I believe, talked to North as well as the rest of the members of his, of the Latin American Directorate to find out the scope of their activities and we then -- I recall them giving the documents,and I believe there were 15 or 20 which would have been relevant to activities as well as the proposed draft response back to Congress, to McFarlane who then took that under advisement and then, I can't recall the sequence, but he then either met with the members or signed the letter or did both during that time. I recall another letter coming back with more questions which were then answered.

Q Right. Do you remember what kinds of documents you turned up in the search?

A They were all either System 2 or System 4. I can recall specifically a couple of innocuous ones dealing with the visit of Cruz, Calero, and so forth to meet with the President.

I really can't recall the content of any of them, but ---

Q I take it though that nothing in the documents that you saw alerted you -- let me not use the word "alerted" -- caused you to conclude that Colonel North's involvement with the Contras was excessive?

A No. I recall talking to North in my office and he said that it was true that he was, he had made trips down there and that he was familiar with the leadership of the Contra movement, that he and the other members of the Latin American Directorate either accompanied Kissinger or other people to the area,that they considered that to be part of their duties to maintain liaison, gather information, that sort of thing.

Q Okay.

A On the fund-raising side, I asked him specifically what his involvement was and he told me he did give a lot of speeches to various groups, either at the request of our Office of Public Liaison at the White House or to civic groups, he would show slides and things like that and explain what the plight of either the Contras or the Miskito Indians was.

Q Did he tell you whether he had been involved in providing military equipment to ---

A As I recall, that was the other thrust of the Congressional interest, tactical military advice.

Q Yes. Right.

A I can't recall what his specific response was, but he assured me that he was not involved in the technical side of things. He was aware of the status of the military mission.

Q By that you mean he was aware of the status of the battles down in Nicaragua?

A Well, no, just overall numbers and things like that, how many Contras, military individuals there were, and, you know, [redacted] I don't recall his having any specific combat-related activities.

Q Did you, in the course of preparing this response, did you search Mr. North's own office, his personal office?

A No, I did not. I relied on a normal system search and that was performed under the auspices of our Directorate of Information Policy, Brenda Reger.

Q Do you know whether there was a conscious decision not to search his office?

A I am not aware of any decision not to.

Q Do you recall anything else that was done to prepare the response to Congress for the inquiries that took place in the summer of '85?

A No. It was primarily handled under the direct supervision of Mr. McFarlane who was very interested in the whole matter because of the Congressional interest, because of the fact that North had been subject to some scrutiny and harassment that had come to McFarlane's attention. McFarlane looked into it personally.

Q Did Colonel North ever consult you about aspects of the Boland Amendment?

A I can't recall his having done so specifically. As I was saying earlier, the minute there would be a modification to the Amendment or to the change in the status as to what the government could or could not do, that was being looked at. None of these things were done in a vacuum. They were all the result of a carefully, very extensively lobbied effort on the part of the administration and then they were passed the very next day at the staff meeting. Either Department of State, CIA or Defense would be coming forward with a position memo on pieces of paper as to what people could or could not do. So, people generally knew immediately what the extent of their limitations were.

Q Okay.

You don't remember having a specific conversation with Colonel North where he came to you and asked whether specific things were permissible?

A No, I don't remember anything like that .

Q Did you have conversations with Mr. McFarlane about specific applications of the Boland Amendment, if you recall?

A I can't recall. I do recall when I presented him with documents which we had retrieved from the system I also presented him with a copy of the existing legislation, whatever it was at the time, and I believe we had a discussion on whether that would apply to North.

As I recall, there was at the time some question as to whether or not that would apply to members of the NSC and I think McFarlane's solution,which I agreed with,was that, whether it was intended to or not, we would consider that it applied to members of the NSC. I think we pointed out that since North was a military officer it should apply to him anyway. Just because he was on detail to the White House, that wouldn't remove him from that restriction. It was both DOD and CIA -- perhaps I am thinking of the humanitarian aid.

Q No. I think you are right. I think it refers to the DOD, CIA, or any intelligence agency.

A Yes. I believe we even put that in the letter or at least made that representation to the members that whether it applied or not, we considered it to apply. I really haven't seen that file for a long time.

Q Other than that occasion where you discussed it with Mr. McFarlane in preparation for the response to the letter, do you recall discussions with him about the Boland Amendment and how that would apply to the NSC?

A To the NSC.

Q Yes, to the NSC or restrictions the Boland Amendment might place on NSC staff activities?

A No, I don't recall any discussions.

Q How about Admiral Poindexter?

A No. Normally, the National Security Advisor, his position or his role was to find out what he could do to help persuade Members of Congress to change the legislation, but once it was passed and that was the law, that would be the end of his involvement.

Q As part of your role as legal advisor, were you also aware and involved in Congressional notification provisions under the military sales statutes?

A Not usually, no. Those were done either by Department of Defense or Department of State.

Q So, you don't think that you were involved in those?

A No, no, I know I was not involved.

Q In August, late August and early September of 1985, it has now been reported and generally accepted as true, that Israel sent various TOW missiles to Iran. Were you aware that that was occurring at the time?

A No.

Q When is the first that you heard about the August, late August or early September missile transfers, as best you recall?

A Some time in November of '86 when it was all being discussed.

Q I am going to go ahead and ask you for each of the subsequent ones just so the record is clear, but I anticipate your response is going to be the same.

A Sure.

Q It was also reported a transfer was made from Israel to Iran of HAWK missiles in November of 1985. I can't remember the exact date, 24th or something.

A I think it was the 18th.

Q 18th, might have been.

A 18 missiles.

Q It may have been on the 22nd or 23rd or 24th, when is the first you learned that that was taking place?

A Same, in mid-November, '86.

Q And were you aware that in February of '86 there was a transfer of a thousand TOWs or so from the United States to Iran?

A No.

Q And were you aware that McFarlane was -- took a trip in late May '86? Were you aware at the time the trip took place and McFarlane took a trip?

A Yes.

Q Were you aware that as part of that he was transporting HAWK spare parts to Iran?

A No.

Q Let me ask that question more generally. Were you aware that that was, that he was transporting military goods of any kind?

A No.

Q When is it that you first learned about McFarlane's trip to Iran in late May of '86?

A Shortly before he went.

Q Let me back way up and come back to that.

On January 17, 1986, there was a finding signed by the President regarding Iran and it permitted various activities and permitted delayed notification of the finding. When is it that you were first aware that that finding was signed by the President?

A The first time I physically saw the finding was the following Monday which would have been the 20th of January? Yes, I think he signed it on the 17th.

Q Were you involved in the drafting of the finding?

A No.

Q Monday is the 20th?

A Monday, the 20th of January, yes.

Q Let me ask you a general question. Were you consulted with respect to the signing of the finding?

A No. Let me state very specifically my recollection and I want to do this because I have been so involved in the chronology and in discussion of it during November that it is hard for me also to distinguish from what I learned after the fact.

Q Okay.

A I can recall very vividly on Thursday night, the 16th of January that I was called by Admiral Poindexter on the intercom to quickly research the status of the current arms embargo to Iran and I did that primarily by looking up to see whether or not the Carter Executive Orders were still in effect.

And I also, I believe, had a conversation with Arnie Rayfall over at the Department of State who was involved in Middle Eastern affairs, just to confirm the fact that the Carter EO was still in effect, it had been renewed on an annual basis by the President.

Q And that was in effect?

A That was my finding. I did go into Admiral Poindexter's office and in there were Admiral Poindexter, Director Casey, Stan Sporkin, General Counsel of CIA, Secretary Weinberger, and Attorney General Meese. They had been in there for some time and I went in and Mr. Meese met me at the door and said, Is it still in effect?" or words to that effect and I said, "Yes, it is."

I believe at the time he asked me also whether or not, or else Weinberger asked me whether Iran was on the terrorist list. I can't remember my response. Any way, we had a brief exchange. I then left. So my time in the room was perhaps five minutes at the most.

At the time I was not aware that my research was related to a finding. I then saw -- that answers your general question.

Q Right.

A I then, on the 20th of January, was given the finding. I went down to the Situation Room at the White House and I showed it to three individuals from CIA.

Q Do you recall who you showed it to?

A Yes, I do. It was ~~[illegible]~~ Clair George, I believe he was the DDO, [redacted] who I believe was the Middle Eastern expert, and to Stan Sporkin, also, who came down.

Q Do you know the reason that you showed it to them?

A I suspect it was so that they could see that the President had in fact signed it and they could then go execute.

Q Did you have custody of it?

A I had it during the time I took it and showed it to them and I returned it to Admiral Poindexter.

Q And immediately prior to showing it to them you obtained it from Admiral Poindexter?

A Yes.

Q And showed it to them and returned it to Admiral Poindexter?

A Yes.

Q Did you have any discussion with them at the time you showed it to them?

A The only discussion is ~~[illegible]~~ Clair George asked about reporting and Stan Sporkin pointed out to him the clause which said the President directed that there would be no immediate reporting.

Q Do you recall any discussion at that time about how long that would be, how long that time would be?

A No, I don't. There really wasn't, that question really wasn't asked for how long. It was just, the big operative question of concern at the time was this item that required immediate reporting.

Q Did you know that a finding had been signed on January 8, signed dated January 8?

A Not at the time, no.

Q Did you learn that in mid-November '86?

A Yes.

Q I think you answered this, but as of the time that you were called in and given this request to do some research on the evening of January 16th, did you know the reason that you were being asked to do the research?

A No.

Q Did you have any conversations with Admiral Poindexter after January 17 or after about the reporting requirement?

A Yes, there was one conversation, I think it was, I believe it was the night of the 20th.

Q Would this have been before or after you showed ---

A After. I showed it to them at 3:00 in the afternoon and it would have been -- I believe that was a holiday, I believe that was the first Martin Luther King holiday. But I seem to recall that night talking to the Admiral about the philosophy of using the National Security Act to have the President direct an action such as this. One aspect of the finding, I believe, called for third parties or third countries.

Q I think both.

A Yes. And we talked about the pros and cons of having the third country or the third party being an adversary as opposed to a friend of the United States. I said it is ironic that we always end up dealing with our adversaries when we could just as easily or just use the same devices or mechanisms to deal with our friends. In other words, we could deal with our friends in a covert manner if we wanted to instead of always with our adversaries.

And I think the thrust of that was in the case like this if we are going to deal with Iran, why not deal with Israel instead of with Iran and I think his point was that the third party was sufficiently vague so that it was not problematica

Q Let me phrase it this way: One of the differences between the January 6th finding and the January 17th finding was the addition of the words "or third parties," as I recall.

A Yes.

Q Did you have a conversation with him about why that was added as opposed to just dealing with third countries?

A No, no, not specifically that part of it. I now am familiar with where it was handwritten in. It seemed the party discussed with him was in the upper section where we talked about the capability of dealing with -- perhaps it is not. I can't remember any more, whether it appears above that paragraph or not on the third countries, but I do recall talking about that at any rate.

Q From the time of signing of this finding on January 17 of 1986 through mid-November, were you involved at all in what has now been called the Iran initiative?

A No, not really. I was, you know, as it turns out I was in and out of discussions in which I would be in parts of meetings or parts of discussions dealing with aspects of the initiative. It is very hard to be specific. Sometimes it would be as simple as North's dropping in the office to report on a meeting that he had overseas, sometimes it was to assist in a phone conversation dealing with a hostage release. I always traveled with the National Security Advisor and the President, so a lot of times these calls would come in the middle of the night, especially if they pertained to a hostage release. So, I inevitably got involved with the logistics side of it, sometimes without being aware of what it was.

Q Was this initiative discussed in the morning staff meetings?

A No.

Q It was not?

A No.

Q Did you have access to [redacted]

[redacted]

A I had access. I could have access to it.

Q I guess I phrased it wrong.

A I guess it did, yes.

Q Did you ---

A No, it was never addressed to me. It was usually eyes only to the Admiral.

Q So, you were not routinely reading [redacted] with respect to the initiative?

A No.

Q From the period of January '86 to mid-November '86, did you hear from anyone at any time about a proposed or actual diversion of proceeds from the sale?

A No, absolutely not.

Q North never told you that he was proposing a diversion?

A No.

Q And to avoid a loaded word, I guess I should say, a transfer of the part of the sales price to the Contras?

A No, I was never aware of any of that.

Q Okay.

Do you recall ever being asked the following question, this is in the fall of '85 or early '86 -- I suppose it would have come to you in a hypothetical, but I will give it to you with countries inserted -- whether if the United States had sold weapons directly to Israel knowing that they were going to be transferred to Iran, whether that would have required some reporting requirement to the United States Congress?

A I was never asked that question.

Q You were not?

A No.

Q I can't remember if I asked you about whether or not -- I expect the answer is no -- whether or not you were aware that in December of '85 the CIA had indicated their view that there was a necessity for a finding to cover the November '85 activities?

A Right. I was never involved with that either.

Q Were you ever consulted prior to again mid-November '86, after the signing of the finding, about how long the White House could delay notification under the January 17, 1986 finding?

A No, I was not, not consulted under that.

Q In the summer of 1986, as I have been told by our sources, I think that you actually appeared before Congress, before HPSCI to testify; is that correct?

A Yes. It was a briefing, I believe.

Mr. Raul. I believe it was an interview, not ---

Mr. Eggleston. I withdraw the word "testify." A briefing of some nature.

The Witness. I provided a briefing to several Members of the Committee.

BY MR. EGGLESTON:

Q It was not a testimony under oath, is that correct?

A No, that is correct.

Q Do you recall whether it was transcribed?

A I don't think it was, no. No, I appeared up there with Ron Sable?

Q Was that again with reference to questions about Colonel North?

A No.

Q What was the purpose of that?

A It had nothing to do with North. It had to do with the alleged disinformation campaign that was directed against, appearing in the press at the time and Chairman Hamilton wanted to find out some of the background as to how the thing came about so I went up and explained it to them.

Q So you never appeared before Chairman Hamilton or before the House Permanent Select Committee personally with respect to Oliver North?

A No. I don't think I did. I may have accompanied McFarlane up here, up there when he had his meeting with him in '85. I really can't recall that. They all came to the White House in '86. They met with North and I was not there.

Q Were you involved -- was that again in the summer of '86?

A Yes. That was in response to the resolution.

Q Resolution of inquiry?

A Yes.

Q And were you involved in the preparation of the response to that resolution of inquiry?

A Yes. We put together a book of all documents and other items pertaining to North's activities, I should say all official records and documents, and we made North available to the committee. He met, in fact, with the Chairman and other members in the White House Situation Room. I was not there at the time. I was on the West Coast with the President, but the Deputy Legal Advisor, Robert Pearson, attended that meeting on my behalf and also our legislative people were there and North himself was made available for any questions they might have.

Q Do you recall what kind of investigation was done to prepare for that meeting? I take it the systems were checked again?

A Yes.

Q For the relevant files?

A We checked the systems, got out the previous correspondence and this time it was Poindexter who was in charge and he talked to North.

Q How do you check the systems?

A You do a computer search, actually feed in key words.

Q Is your system, I guess what you call full text, or is it by document title?

A It is document title, key words basically.

Q Key words in the titles? You don't have the full text of all the materials?

A That is true. However, if you feed in the word "Nicaragua" or "North" and "Contra" and two or three other items, then it spits out every possible title that any of those would fall under.

Q So, in preparation for the summer of '86 visit by Members of HPSCI, you conducted again a systems search?

A Yes.

Q I take it again you did not search Mr. North's, Colonel North's office?

A No.

Q Did you interview Colonel North again?

A I can't recall personally interviewing him. I know that when the resolution was passed it may have been discussed at a staff meeting or at a smaller meeting attended by our legislative people and Admiral Poindexter and North. And we discussed how we were going to deal with the resolution. I think it was referred to three committees. We wanted to be as responsive as we could because I believe it was passed on the eve of the Contra vote up here in either April or May, and we were eager to be as responsive as we could. The big question was, since we did not have McFarlane there who had taken it on in earlier years to meet with the committees, the question was would we make North available, which is what they always wanted to do, was to talk to North directly. And we made a decision that we would.

Q Who attended that meeting?

A That would have been the discussion between our legislative director, Ron Sable, and probably Bob Pearson, the deputy counsel, and Admiral Poindexter.

Q Would that have included North as well?

A Probably.

Q Do you recall any discussion about what questions he would likely be asked by the Members of Congress?

A Well, we expected what the resolution contained would certainly be asked. Plus, we expected to go much wider than that. I don't think we had any conditions put on it at all. I believe there was also a memo prepared by Ron Sable to Admiral Poindexter recommending that he contact Chairman Hamilton and make North available or something to that effect. I think that is what eventually transpired.

As in all these cases, we have to work out how we are going to best make people that are potentially subject to executive privilege available to Congress.

Q I understand.

A That seemed like a good compromise, just to open it up to questions.

Q Do you recall whether there was a conscious discussion not to search his office, Mr. North's office, in response to the resolution of inquiry?

A No, I don't. I don't recall that. Normally, searching the office has almost a connotation of a criminal aspect to it or something. We would have to really have a greater cause to go over and do something like that. Having him appear before the National Security Advisor and explain his actions which he did in two subsequent years seemed to be sufficient.

Mr. Raul. If I could interject for a second for clarification, Commander, do you know whether anyone might have asked North to search his office or whether anyone else searched his office?

The Witness. No, I don't. You know, the way our systems are -- our file systems are kept, any copies of documents that North would have would be either entirely out of the system which I guess is what you are getting at, or we would have the record copies of them anyway. So, if you are talking about his working papers or anything that might be incriminating that he would have tucked in his briefcase or in his desk, no, we never did that sort of thing.

BY MR. EGGLESTON:

Q I want to ask you whether you, during the course of '85 or '86, had meetings or conversations with some disparate group of people. I am asking whether or not you had conversations or meetings with each one. I am not asking whether you had meetings with all of these people at one time.

Did you ever meet with Adnan Khashoggi?

A No.

Q Or speak with him?

A Never.

Q How about Mr. Ghorbanifar?

A No.

Q Mr. Schwimmer?

A No.

Q Mr. Nimrodi?

A No.

Q Nir?

A Yes.

Q Let me get back to him. Mr. Ledeen?

A Yes. Ledeen, you said?

Q Yes, Michael Ledeen.

A Yes.

Q Tiny Rowland?

A No.

Q When do you recall having a meeting with Mr. Nir?

A I met Mr. Nir.

Q Okay.

A That would have been early January of '86. I believe he came to the White House to meet with Admiral Poindexter and he came to my office first and we chatted for a few minutes.

Q Do you recall the subject matter of your conversation with him?

A No. It was just amenities.

Q Did you attend the meeting that he then had with Admiral Poindexter?

A No.

Q Did Admiral Poindexter tell you afterwards what the meetings was about?

A No.

Q And any other times that you met with Mr. Nir that you recall?

A No. That was the only time I ever saw him.

Q How about Michael Ledeen?

A Well, I used to see Mike Ledeen occasionally, expecially when McFarlane was the National Security Advisor. He would come around on Saturdays to have meetings with McFarlane and he and I would chat. It happened several times, but that was the extent of it. I was involved in his suitability to be a consultant to the NSC early on. He has some lingering problems, I believe, with the Italians as far as his background goes.

Q I seem to recall that in the newspaper.

A Yes, I had to look into that just to ascertain whether or not he would be acceptable from a security point of view to get a clearance and I also confereed with the deputy counsel to the President, Dick Houser, as to whether or not he should be given a White House pass.

Q And I take it that the conclusion was made that he was not a security risk?

A That is correct.

Q He was a consultant to the National Security Council for terrorism-related issues?

A That is right.

Q Did you know the reason he was meeting with Mr. McFarlane in 1985?

A No, I don't. I didn't at the time.

Q What you know now is from reading the Tower Commission?

A I suspect he was in there talking about various initiatives. He was also a friend of McFarlane's, personal friend.

Q In the fall of 1986, around the time of October 4 or 5 of 1986, a plane in which a man by the name of Hasenfus was riding was shot down in Nicaragua. Thereafter, if you recall, there was a substantial trial and all sorts of public materials. Around this time it is my understanding that the Department of Justice,and the principal investigative agency was the United States Customs Service, began an investigation or I should say was involved in an investigation into a commercial cargo company called Southern Air Transport.

Were you aware in the fall of 1986, October of '86, that such an investigation was on-going?

A I don't think I was, no.

Q Let me just ask you a few specific questions, although

I suppose now I know what your answer will be. There are some documents which suggest that members of the NSC staff may have contacted the FBI about slowing up that investigation into Southern Air Transport. Were you aware of that at that time?

A No.

Q Did you have any involvement in that at the time, assuming that what I have told you is true?

A No, I did not.

Q Did you indicate to me that you did not know Admiral Poindexter prior to the time that you began working at the NSC?

A That is right. I met him in June of 1983.

Q Did you become social friends with Admiral Poindexter? Ever see him out of work?

A No. I have never even been to his house and I have never been to any non-NSC related events with him, social events, although I would describe myself as being certainly close to him. When we were on the road we always ate and traveled together, so I have had several meals with him in a social environment while on the road.

Q And where did you travel with him frequently?

A Yes. Everywhere he went, I traveled with him, so I have been, I have probably spent five or six weeks traveling with him.

Q So, you were part of the group of people who always traveled?

A Yes.

Q Did you become close to Mr. McFarlane?

A Yes. I would probably say I became closer to Admiral Poindexter than I did to Mr. McFarlane, but I similarly traveled extensively with Mr. McFarlane, also for probably six or seven weeks out of the year.

Q Did you become social friends with Mr. McFarlane?

A Similar to my relationship with Admiral Poindexter, it was a professional one more than a social one.

Q How about Colonel North?

A No. All of us on the NSC staff have a colleagial relationship to each other, but I never socialized with North either other than at NSC, White House events.

Q Did you travel with Colonel North?

A I did. I went to Central America with him twice.

Q Did you go to Central America with Colonel North at times when Admiral Poindexter or Mr. McFarlane were not present?

A No.

Q So, you only went on two occasions?

A I was only there because the National Security Advisors were there.

Q Those were two trips?

A Yes.

Q Do you remember when those were?

A Sure. The first one with McFarlane was mid-January of '85.

Q Where did you go?

A Well, we went to five countries in two days. We went to Panama, and then -- actually, our first stop was Guatemala and we spent the night in Panama, and the next day we went to El Salvadore, and spent that night in Honduras, and then went to Costa Rica and went home.

A year later in December of '85 -- yes, December '85 around the 18th or so I went to the same five countries with Poindexter in a little shorter time.

Q And was Colonel North on both of those trips?

A Yes.

Q You have indicated that in the summer of '85, or '86, you did some investigation into Colonel North's activities with respect to the Contras in response to Congressional inquiries.

A Yes.

Q Did you have any other -- did you have any knowledge apart from that about his involvement with the activities relating to the Contras?

A Well, I knew he was very much in favor of helping out the cause, the Contra cause. When the Congress passed the Humanitarian Assistance money, the $27 million, there was some question as to whether or not that particular program could not be administered out of the White House, rather the National Security Council and North consulted me as to whether that might be do-able. I recall joining in with the opinion of my counterparts from, I believe, CIA and State in agreeing that it was not a good idea at all that it be administered from the White House. And the Nicaraguan Assistance Office, whatever it was called, ended up being run out of the State Department. So I was aware that North was very involved. I know he sat on the inter-agency group of individuals interested in advancing the Administration position in Central America and he was an active member of that.

Q Prior to the summer of -- prior to November of 1986, had you heard of a company called Lake Resources?

A No.

Q Or Udall?

A No.

Q I will go down the list. Of Toyco?

A No.

Q Or Hyde Park?

A No.

Q Had you heard of a company called [redacted] [redacted]

A No.

Q Did you during 1985 or -- '84, '85, or '86, I think I asked you this, but in a slightly different way. I think I asked during the period of time you were in the Office of the Secretary for Legislative Affairs, but did you in '84 through '86 meet Richard Secord?

A I met Secord once at the White House and that must have also been in January of '86, but I just can't recall when it was. He came by and it may have been right around the time that the finding was actually signed and I showed it to the CIA representatives, I believe I saw Secord. He came to the White House.

Q Do you know who he had come to the White House to see?

A I suspect -- I believe it was with Ollie North.

Q He was with North?

A Yes.

Q Had you ever met him before that time?

A No, I never met him before.

Q Did you have a conversation with him then?

A Once again, I think we just exchanged amenities. I can't recall whether it -- I believe we sat down with Admiral Poindexter in January of '86. There may have been a meeting in Poindexter's office or North brought him up to the office area and I can't recall any of the other details. But I did meet him.

Q Do you think -- we are not calling for speculation -- do you think there may have been a meeting between Secord and Poindexter in Poindexter's office?

A There might have been, yes.

Q If there was such a meeting, I take it you don't recall the content of the meeting.

A No.

Q Did you attend the meeting, if there was such a meeting?

A No. I think I did, that is why I am trying to recall more. It may have just been a, you know, a hand-shaking situation. You know, Admiral Poindexter in that time was, had only been in the office for about a month and he was trying to structuralize as much as he could the various initiatives and items that we were involved with across the board in arms control and every other area. I think he was meeting and holding a lot of courtesy calls in that time. I think that is why Nir was there and I suspect that is why Secord came.

Q Did you know at that time what Secord's relationship was with the NSC?

A No.

Q Did there come a time prior to November '86 when you learned anything about Secord's relationship to the NSC?

A Well, I seem to recall his name coming up occasionally by North through conversations he had with the Admiral. As I recall, Secord's name came up, but I can't recall much else.

Q Was it in the context of the Iran initiative?

A Yes. Yes.

Q Do you recall him ever being mentioned in connection with the Contras?

A No.

Q Were there any other times other than that one time that you met Secord?

A That was the only time.

Q Did you meet Albert Hakim?

A No.

Q Again, I asked you about these two, but I think my question was confined to the earlier time pre-'83, Robert Dutton?

A Yes. Never met him.

Q Richard Gadd?

A No.

Q How about Tom Clines?

A No.

Q Edward DeGaray?

A No.

Q Did you ever meet during the period of time that you were there Felix Rodriguez?

A No.

Q He appears to have the most well-known alias of anyone, Max Gomez.

A No.

Q Ramon Medina?

A No.

Q Or Rafael Quinteros?

A No.

Q Never met any of them?

A Not to my knowledge, unless I was in a group with them in Central America.

Q But to your knowledge you have not met him?

A No.

Q Do you recall Ollie North talking about any of them other than Richard Secord?

A No.

Q Did you ever hear North refer to Secord as under a different name, a name Copp?

A Yes. In fact at one time I had a list of code names by which all these players went under including the President and all the major players in the national security community, so I was generally aware of some of these names.

Q And did you know in what context that list had been prepared? Do you know the purpose of it? Did you know the purpose for the preparation of the list? Did you know it related to the Iran initiative?

A Yes, I believe I did because North was usually, when he was traveling he would leave that with me or if we traveled he asked me to take it with me so we could communicate with him if necessary.

Q Did you communicate with North when he was off working on the Iran initiative?

A Yes, we would occasionally receive messages or cables or very classified phone conversations.

Q And I don't want much detail about this, but did those messages that you received relate to the operation of the Iran initiative, the operational details of the Iran initiative?

A Yes, it seemed that they had to do with logistics matters, the authority to approve, some sort of transaction, perhaps a shipment,or they would pertain to the release of a hostage.

Mr. Eggleston. This might be an appropriate time for a brief break.

(Brief recess.)

Mr. Eggleston. Back on the record.

BY MR. EGGLESTON:

Q Let me just ask you a few more questions about Colonel North's involvement in the Contra resupply operation. I would ask you questions about the time period of November, essentially late October to November '86.

A Okay.

Q Then I will turn it over to Mr. Van Cleve.

I just want to ask you now whether you, during the course of 1984, '85, '86, met any of the following individuals and whether you had contact with any of them, Carl Channell, who has a nickname of Spitz, apparently.

A No.

Q He has two organizations called the National Endowment for the Preservation of Liberty and the American Conservativ

Trust. Did you have any involvement with any of those entities?

A Never heard of him.

Q Robert Owen?

A Never heard of him.

Q For a period of time he might have been an associate of a consultant or something to the NSC, although that is uncertain. You don't know him?

A No.

Q I must be wrong then about that.

Did you know a man by the name of Andrew Messing?

A No.

Q Dan Kuykendall?

A No.

Q Did you know a company by the name of IBC International Business Communications?

A No.

Q Richard Miller, Frank Gomez?

A No.

Q Did you ever speak at any of these civic groups about which Colonel North told you?

A Did I ever speak?

Q On Contra issues, public speeches on Contra issues?

A No.

Q No, do you recall any discussion or were you consulted by anyone in '85 or '86 about the issue of soliciting private money in order to support the Contras?

A I don't remember any discussions.

Q You don't remember anyone consulting you on that issue?

A No.

Q Do you remember any discussions in your presence that did not result in you being consulted?

A I don't recall any, no. Most items dealing with that regional problem were dealt with in the inter-agency group that was set up to study it.

Q Who was in that inter-agency group?

A Well, I don't know very many of the players. I do know from State, Elliot Abrams, I think, was the chair of it, and prior to him, I believe, Otto Rank and some of his people were involved. From CIA, I believe it was [redacted] but I am not positive that he was the only one involved. I don't know who the representatives might have been from other agencies.

Q I take it North was from ---

A North was an active member and Ray Burghardt who was the Senior Director of Latin American Affairs may have also been involved. But the way we worked, we live and die by the inter-agency process, as the Congress does by committee, I guess, and we relied on the inter-agency recommendations to advise us of the status of situations down there, our relations with Congress and what was going on. So, the chairman of that particular inter-agency group would have gone to his in-house lawyer for most of the legal advice. They would not come to me, normally.

Q So, by "in-house lawyer," you mean the lawyer associated with that individual's agency?

A If it is chaired by State, he would go to the State legal advisor.

Q You don't think this group had its own legal advisor?

A I doubt it. No, I am not familiar if they did.

Q Similarly, do you recall ever being consulted about the issue of third country solicitations?

A No.

Q Similarly, you don't recall being consulted on that issue about third country assistance in aid to the Contras?

A No.

Mr. Raul. Can we go off the record?

Mr. Eggleston. Sure.

(Discussion off the record.)

Mr. Eggleston. Back on the record.

BY MR. EGGLESTON:

Q Did you go to the Tokyo Summit?

A Yes.

Q And that is because Admiral Poindexter went to the Tokyo Summit?

A Yes.

[redacted]

[redacted]

Q Let me direct your attention to mid-October of 1986, there is an event referred to in the Tower Commission report where Charlie Allen, whose name I think is not protected, refers to Casey, to Director Casey, that he may have had some concerns about a diversion.

A Yes.

Q Were you aware of that in mid-1986, October '86? Had you be advised of that?

A No.

Q Had you been consulted on that in any fashion?

A No.

Q I believe that that concern resulted in the meeting between Gates, Poindexter and Casey.

A Yes.

Q And have you read about that in the Tower Commission?

Do you know the event I am talking about?

A No. I learned about it in November, I think at the very end.

Q During the course in time that you were involved?

A At the very end of that course, around the 25th probably is when Admiral Poindexter told me.

Q But prior to that time you had not -- you were not aware of this concern by Mr. Allen?

A No.

Q That there may have been a diversion?

A No.

Q Now, there comes a time in early November 1986 when at least in a Beriut newspaper or magazine, whatever it is that has now become famous, certain details were revealed about McFarlane's trip.

A Yes.

Q Did you become involved in this process shortly after that?

A Yes.

Q And what was the nature of your -- maybe I will let you brief me or go through in your own fashion the process of your involvement from early November through late November 1986.

A Well, the first operative event was the release of the hostage, Jacobsen, which I believe occurred late on Saturday night in early November. And I was in Santa Barbara at the time with Admiral Poindexter and the President was up at the ranch and we were in contact all night long with the Situation Room back in Washington where there were some staff members who were relaying information to us which they were receiving on the ground in Lebanon and from North, wherever he was, both by telephone and PROFs notes and secured calls and I was basically the point of contact, so I spent virtually the whole night in Santa Barbara going back and forth to the communications center from my room relaying messages and at the same time talking to the other players, Larry Speakes, I can't remember whether Don Regan was there or not, I suspect he was, Poindexter, we had a number of conference calls all night long and we kept discussing whether or not we would get the hostage Jacobsen out and how it would happen and so forth.

I believe now that I think about it Regan had gone back to Washington to be on a talk show. At any rate, sometime towards morning I believe we got Jacobsen released and then it became a question of when and how to announce it. I believe Larry Speakes did it that Sunday morning and that prompted immediate interest from the press as to how it happened.

I recall a lot of questions regarding [redacted] questions regarding Syrian involvement. Regan went on a talk show that day and said, when asked, that the Syrians had very little to do with it and then immediately focused the press's attention on who else in the Middle East might have been involved. [redacted]

I can't recall whether the newspaper article you referred to in the Lebanese magazine was before or after that, but at any rate by either that Sunday night or Monday there was tremendous press interest in whether or not the Iranians were involved in the release and I believe it was on Monday that the Speaker of the Iranian parliament, Rafsanjani, gave a long speech in which he divulged several facts involving the possibility of U.S. dealings, governmental dealings with Iran. He divulged the McFarlane trip that he said occurred in September and he talked about symbolic items such as the cake and the Bible and so forth.

We in the meantime had left Santa Barbara and had gone to L.A. to campaign. The President gave his last campaign appearance that afternoon. I believe on Tuesday we then had ample discussion with the experts involved back on our staff and decided that the message coming from Iran in the form of Rafsanjani's speech and other messages being passed through intermediaries back to us were that the official U.S. government response to this revelation should be "no comment." That is precisely what we tried to do for several days, was to "no comment."

We thought the message from Rafsanjani was intended for domestic consumption and that he was putting enough inaccuracies in what he said to cause us to believe that he was intending to send us a signal that he knew that we knew that what he was saying was not accurate.

So, we then, the first item we had to comment on was whether or not we had still in effect the arms embargo to Iran and I recall on Air Force One a statement was drafted up in which we said we did in fact still have an arms embargo and that we were not in favor of either side winning the Iran-Iraq War, or words to that effect, which Larry Speakes went back and gave to the press on board Air Force One.

We then arrived in Washington and for the next several days the press interest heightened, Congressional interest heightened, and it became obvious that it would be necessary to put together a presentation of all this information.

At that point from my vantage point this had been, the Iranian initiative had been just that, a covert operation pursuant to a finding which was carried out primarily by the CIA and one for which they had primary logistic responsibility, one which the NSC staff, either in the form of North's or Teicher or McFarlane was, or Poindexter, was one of obvious interest from a policy point of view, but not that much different from most of the other initiatives we have around the world.

So, it became quite a normal challenge for us to assemble all the facts, put them together in some coherent way and to start presenting it to the various groups that were asking us, the press, the Congress, et cetera.

Q Do you recall approximately when it was that you had -- you had said a couple days or several days later -- do you have a recollection about when it was that you started your process of actually putting the chronology together?

A Well, no, I can't recall precisely. It seems that we got pretty much through that week. The election was on Tuesday, we then had the rest of that week to more or less discuss the initiative conceptually rather than concretely or specifically. We just had a number of discussions on, is there an embargo, is there not an embargo, could an embargo be circumvented, things of that nature, but I just can't recall being specific.

I think it was the following week that it became clear that the President was going to have to say something on it.

I could probably refresh my memory if I looked at a calendar, but I just can't recall the dates too well.

Anyway, internally within the NSC staff we then realized we had to put together a chronology.

Q Were you principally the person assigned to put the chronology together?

A No. It was North.

Q Were there people, were you one of the people assigned to help him do it or to consult?

A Not assigned, but inevitably it would cross my desk on the way to Poindexter.

Q Right.

A And then I would be in a meeting or something where Poindexter of somebody else would say, well, I'm sure there was such and such a meeting that took place, and then we would go back and try to verify that. So, there were several iterations of this chronology.

Q Right.

A My role was specifically to try to find out precisely the times and dates and meetings in which the President would have been there and to add that to the chronology because all North came up with was the input from CIA which was primarily logistics.

Q So, North essentially produced the first document?

A Yes. As the action officer for the Iranian initiative he was responsible for producing the primary source document which is what we called it and ---

Q Did it have a title? A lot of these turned out to have various titles.

A The chronology?

Q The dates and maximum verifications and all that stuff.

A It did have a title, but I can't remember the title. It seemed like it was "Chronology of the Arms --- of the Iranian Initiative " or something.

Q How many pages was that, do you recall?

A Somewhere between 11 and 15.

Q Okay.

A It was pretty thick. It got up to 17 by the time we added other times in there and we were trying to get ahold of McFarlane to have him look at it and verify the pre-December '86 time.

Q December '85?

A Yes, '85, December '85 when he was responsible. We had to go back and look at several different White House records to find out when the senior advisors got together to discuss this. So, it took several days. Of course, this was just one of many things that we were doing during this time and ---

Q Who else besides yourself and North was involved in the drafting of the chronologies?

A I suspect Howard Teicher was. The way it would work is North would basically come up with a document and walk across the street and go in and present it to the Admiral and I would come in at that point or we would send it in and the Admiral would say, well, I recall meeting with the President in the residence at such and such a time after he got out of the hospital, and we would find that date and North would not have known that part of the problem.

None of us knew the actual times and dates of North's trips and meetings, except North and the CIA only knew their part of it. So, it required the effort of a number of people that put it together. No one knew about the McFarlane conversations with the Israelis except perhaps Ledeen. So, we were definitely hindered as far as getting the information together quickly, plus it is the type of thing that you only do in proportionate detail to the extent of external interest. If the interest had gone away at that point, then we would have ceased putting together the chronology. We don't have chronologies on every initiative our staff does. If we had to put one together on POW-MIAs, that would take us a month to figure out everything that was done on that.

Bureaucratically, it appears to be less than efficient, but yet we were basically making it more sophisticated and more detailed as the need arose. And the first operative event was the President's either speech or press conference. I forget which came first. I believe he spoke first. Then the following press conference.

Q Right.

A And then the real impetus to get precise dates and times was the testimony and the briefings which Poindexter and Casey were about to do and that is when our interest in total accuracy as far as times and dates was at the highest. That is when we had -- I believe we had the participation of the Attorney General during that third week in November in which he became interested.

Q Third week meaning the week starting November 21 or so?

A Yes -- no, actually the week before that, yes.

Q Starting on the 14th then?

A Yes.

Q The 21st was a Friday, I think.

A Yes.

Q The 21st is the day Casey was asked to testify and he did testify before the House Intelligence Committee.

A Mr. Meese was in my office towards the end of the second week of November and I asked him, on his staff, who was the point of contact that I could talk to because it was becoming clear that we needed to get the concurrence and coordination of Justice on this thing. He indicated that it would be Chuck Cooper at Justice.

Q When is the first that you learned that there was a proposed or alleged diversion of funds?

A I believe I learned it on the 21st -- I mean the Monday, the 24th of November.

Q You did not know about it before then?

A No.

Q There was a draft of the chronology and that was sent to McFarlane apparently and the chronology was substantially altered in one area as a result of McFarlane's editing. Do you recall that?

A No, I don't. North would have done that directly.

Q Do you recall that there was a substantial amount of material added relating to when the President might have known or not known?

A Well, there was ---

Q In early, I should say the summer of 1985.

A Yes, there was considerable discussion on this and I was concerned that the Admiral not misrepresent the point at when the President would have approved that shipment.

Q Who was involved in that discussion?

A The ones I had are just the Admiral and me.

Q Do you recall him being in the discussions with -- there are only a limited number of people, as nearly as I can tell, who would have known the naswer to that question. Did you ever attend meetings among that group?

A No.

Q Where they hashed out who may or may not have known?

A No. I recall having a number of conversations with the Admiral in which I asked him to try to check with McFarlane to find out.

Q Do you know whether he checked with Weinberger or Shultz or anybody else, Regan?

A I am not aware that he did, no.

Q Do you acknowledge ---

A We were primarily looking at it from NSC's point of view and McFarlane would have been the source of information for us.

Q Let me just make sure I understand your response. To the best of your knowledge, Poindexter did not contact any of the people I just mentioned?

A I have no idea whether he did or not. I just didn't know.

Q Okay. Did you work directly with Colonel North at all in preparation for the chronology?

A No. I only worked with Poindexter.

Q You only worked with Poindexter?

A Yes.

Q You have indicated you checked various dates of high level meetings and various other things. Do you recall any other things that you personally checked about the facts that went into the chronology?

A I didn't check anything else.

Q Okay. I guess it was the speech, although I get confused whether it is the speech or the press conference -- the occasion where the President announced that no third country was involved and shortly thereafter ---

A It was the press conference.

Q The second event, is that right?

A Yes.

Q Do you remember the date? I guess it was the 19th. Did you watch the President's press conference?

A Yes.

Q Did you watch it with Oliver North?

A No. I watched it in my office.

Q Did you watch it with anyone?

A No. I was all alone.

Q Not Poindexter?

A No, Poindexter was over with the President in the Blue Room.

Q Immediately after the speech, do you know the events that gave rise to the subsequent statement about that there had been a third country involved?

A No. Poindexter came back about ten minutes later and told me that he had already corrected the problem, that the President had inaccurately reflected the fact that there was not a third country involved. That was basically immediately amended as soon as the President came back to the Blue Room. I think he realized that or there was a discussion and they wrote out a press statement right then which was immediately given to the press, so by the time Poindexter got back to my office that had already been corrected.

Q Now, there comes a time on November 21 when Mr. Casey testifies before the House Intelligence Committee, and maybe the Senate, I don't recall. I think he might have testified before both.

A Yes, both, yes.

Q Did you have any involvement in preparing him for that testimony?

A I was ---

Q Or preparing his testimony?

A I was at a meeting in which his testimony was discussed, yes.

Q And who attended that meeting?

A It was attended by Poindexter, Meese, Cooper, me, and Casey, I guess. It seems to me I was at a meeting the day before in which Gates was there with his special assistant from CIA.

Q How much prior to Casey's testimony on the 21st did the meeting you just described take place? Did you say the day before?

A That was the day before, that was Thursday that the meeting with the Attorney General took place, Thursday around one o'clock. Either the day before or two days prior to that there was an initial meeting on the testimony with Gates and I believe North was there and a couple of folks from CIA. That was to discuss the testimony Casey -- Casey was out of the country at the time and he came back early, a day early, so he could prepare for the testimony.

Q There is a draft of the testimony which appears to be a statement that he probably read to the committee or something. Was that prepared prior to the time that he returned or do you know?

A Yes, that is what was prepared by Gates and his crew and so when Casey arrived on Thursday he was able to show up and discuss the testimony.

Q Now, immediately or after the testimony, I take it, is the time when Mr. Shultz indicated that there were substantial problems with the testimony, Do you recall that?

A Yes. On Thursday the 20th was when we had the meeting with the Attorney General. Then later that day we had a meeting in Poindexter's office with Mike Armacost and Abraham Sofaer from State and we went over it -- Poindexter went over the basic policy aspects of the initiative and the strategy behind it and so forth.

It was after that. That meeting was about from 5:00 to 6:00 or 6:00 to 7:00 on this Thursday evening. But after that apparently Armacost went back with Sofaer and talked to Shultz, because it was later that night, probably around 8:00 or so, that it became apparent that State's interpretation or Shultz' version or understanding of the testimony was different than what was going to appear when Casey would present it the next day. That is how the difference arose. Apparently Shultz looked at his notes and said, "I don't agree with the November shipment," or something earlier. I think it was the November shipment.

Q My recollection is that Casey's testimony said the CIA had nothing to do with the November shipment.

A Right, and I think Shultz contested that fact because he himself was more aware of it from phone calls he had had with McFarlane. At any rate, later that night around 9:00 or 10:00, I had a series of phone calls with Chuck Cooper who --

Q We are still talking about the night of the 20th?

A This is the Thursday night, the 20th, yes. There were a series of phone calls between Cooper, Sofaer, me and Poindexter, the final result of which by around 11:30 or so it was conveyed to Poindexter that the testimony was not going to be acceptable the way the CIA was depicting that November shipment.

Q Was his testimony then amended?

A I can't recall because the very next morning at 7 o'clock we started briefing the committees down at the White House and we briefed the House Intelligence Committee, I think from 7:30 to 9:00 and then we briefing the Senate leadership, the Intelligence Committee leadership, from 9:30 to 11:00. Casey, in the meantime, went to the Hill and testified. So, I don't know. I didn't find out what his testimony said. It was in just that one aspect, the extent of the CIA knowledge of the November shipment, that was of concern to State.

Q What is the reason that Attorney General Meese was present at these meetings, if you know?

A Well, I recall there was considerable concern as to the efficacy of this particular operation under the finding as it was written as to whether or not you could use a finding to basically circumvent existing export control laws, whether you could have a finding that was not reported, questions like that. And the Attorney General had ruled on those, so it was considered highly advisable since he had been the one providing the legal advise to the NSC at that point, the way this finding, as most of them do, came up, it came through the CIA through their general counsel to the NSC Advisor and Meese was brought in at that point and we had found out that he had attended the critical meetings on this issue. I think he attended the meeting in early January at the White House.

He was then there that Thursday night that I got involved and had been the final legal authority for the President to rely on when he signed the finding. So, we brought in Meese and I had been working with Cooper for several days because we were relying on the Department of Justice determination that this was a valid proceeding.

Q Do you know whether or not the Department of Justice had rendered any written opinions on the efficacy, to use your word, of using the covert ---

A The specific finding?

Q Yes.

A No, I never saw their file on it. I know now they based it on an earlier finding.

Q On the Smith opinion?

A Yes. No, I didn't know.

Q Have you ever seen any written opinions written by the Attorney General, written by the Attorney General's office with respect to this?

A No. Those apparently were prepared and not shared with me in that time period.

Q Have you seen them since?

A No, I have never seen them. In fact, my entire involvement with this matter ceased on November 25.

Q Is that right? You have not been involved in any fashion with this since the 25th?

A No, not at all.

Q Was there a decision that since you had been involved as things were unfolding you should not be involved in it then?

A Yes. Apparently Peter Wallison,who was and still is the counsel to the President, had not been involved at all in rendering legal advice on this issue on this finding. He became very concerned during the first couple of weeks in November when clearly questions were arising and it appeared the President may have been extensively involved in the finding and so forth and so Peter wanted to be included in discussions that were going on and as part of this earlier position of no comment to the press and refusal or standard policy of not discussing an intelligence operation with anyone, Peter had not been brought into these discussions either, Peter Wallison.

So, when the 25th arrived he then totally took over control of everything that happened to that point from a legal and investigative point of view. So, the things that I was doing internally as staff counsel investigating a possible improper act of an agency, he took me off, and it became a White House problem. He at that time expressed the desire that I not have any association with it at all under the theory that I myself may be tainted and there would be certainly an impropriety for the appearance of such for me to continue to give advice or be involved in something that I myself might be implicated in.

Q Just to be clear, when did you first learn the United States had shipped arms to Iran?

A You know, I really don't know when I did.

Q Did you know it prior to November 1, 1986?

A Yes, I probably did. I probably was aware that at some point during that year, that North was asking Poindexter if it would be okay to authorize a shipment of TOWs. I seem to recall the discussion also at one point of the provision of intelligence information.

Q Do you recall this because you attended various meetings? Were you ever consulted on whether or not this was legal or permissible or whatever?

A No, I was not consulted. I would have known it probably because of either a discussion in which I was party to, or perhaps a cable or message through this communication link that North set up. I would have had some knowledge. In all accuracy, I am not positive that I would have known they would have gone to Iran, the country per se, but that merely the authority was transferred for that many TOWs to Point X was requested.

Q Let me take you back to -- you have sort of taken me up through the 20th and early into the 21st.

A Yes.

Q Could you describe your involvement in this through the time you were relieved then on the 21st to 25th? Were you then involved with Attorney General Meese and his investigation into this?

A Yes. Once again, Cooper and I were the main links between Justice and the NSC, Meese talked to Poindexter and Cooper talked to me. Cooper called me on Friday, I think it was in the afternoon, to say that he would like to send over a couple of his colleagues to review North's files and I said fine, just let me know when you want to come see them.

Poindexter had told me that the call would be coming and we were to cooperate fully and make everything available, to help the Justice Department discovery take place. And Cooper called me again Saturday morning and said, "I want to send over Brad Reynolds and John Richardson within the hour. Can you get them cleared in?"

And I said, "Sure."

I met them in the West Wing and took them over and I couldn't find North, but I got hold of one of his coworkers named Bob Earl and Earl came in, opened up the office and started laying out files.

Q This was on a Saturday?

A Yes, Saturday. They started around noon on that Saturday.

Q So, they didn't do any looking on Friday the 21st?

A No. The first time they showed up was Saturday morning.

Q It was Richardson and ---

A And Brad Reynolds. And they started looking and either I was there or Bob Earl was there or there is yet another lawyer on the NSC staff named Jock Scharten. He was there also or I believe Brenda Reger of the Directorate of Information Policy was in and out of this complex suite of offices, so we had somebody there all the time and if they wanted to make a copy, they had to do it in that person's presence.

But they stayed quite late. I know I went home at 5:00 or 6:00 and they stayed until quite late that night, 8:00 or 9:00.

I think North came in eventually and also went over there with them and laid out whatever files they wanted to see on his conference table.

Q Do you know what files they were looking for?

A No, I don't. I think they wanted to satisfy themselves that the information, the chronology and the information in the chronology and testimony was in fact accurate and could be substantiated.

Q This sounds to me, though, like a virtually fairly unprecedented move to have two employees of the Department of Justice looking through the actual files of a fairly senior member of the NSC staff which must have included substantial amounts of Code Word material and all sorts of stuff. This was not just a routine investigation by this point I assume.

A Yes, well, we have done -- I guess we haven't done anything exactly of that nature, although we have certainly relied on Justice lawyers to come over and assist us in other areas.

Q Had you ever had a Justice Department lawyer, if you pardon the use of the expression, rifle through the personal files of a NSC staffer?

A No, I am not aware of anything precisely like this.

Q Do you know ---

A This was arrived at through agreement between the Attorney General and the National Security Advisor.

Q Did you know what disclosure or event had occurred that led to this degree of this investigation?

A I think it had to do with that characterization and depiction of the November shipment and the fact that there was a, at the time, we though a September shipment which turned out to be an August shipment of TOWs and questions to the degree of Presidential knowledge. I think people's memories just weren't good enough and Meese wanted to see actual documents if they could be found.

Q Did they start the process of reviewing the files before talking with him?

A I believe so.

Q Were you present when they found the undated memorandum that has now caused such a stir?

A No.

Q Do you know who was present from the NSC when it was discovered?

A No, I don't.

Q Did they take any original documents with them?

A I don't think they took any originals. They took that document you just referred to.

Q Do you know whether they took any other documents out of Mr. North's office?

A I don't know. This was not viewed from my vantage point as an adversarial meeting at all. This was viewed as an opportunity for the Department of Justice to -- and I had been working with Cooper now for close to two weeks on trying to get to him the relevant information on this issue. I think it was viewed as an opportunity to substantiate their position that this was a valid finding and a valid operation.

Q So that is your notion of the reason that Cooper and the Attorney General were involved, because they had given advice and now ---

A Yes, that would be my -- that was my assessment of it.

You know, when we have prepared testimony or position papers on other initiatives for example on [redacted] [redacted] we have had often all-day meetings and we have brought in representatives from other agencies to sit down and pour through all the files and come up with statements and position papers and so forth, and the NSC staff is only 40 professionals and we depend extensively on support from the inter-agency process.

Q Did you, after the memorandum was found that appeared to indicate that $12 million or some $12 or $15 million or something was going to be diverted to the Nicaraguan contras, did you discuss that with either Mr. Cooper or Mr. Meese?

A Well, no. I didn't know that it had been found. Apparently, they took that information back with them to Justice and then they apparently talked to North about it.

Q Do you know what day they talked to North?

A I think Saturday night.

Q Saturday the 22nd?

A Yes, they left the NSC with the paper and on Sunday is when they met with North. I know they did call me and asked if I could set up an appointment with North. I called North at home and he said he could come after church or something, so he then went and talked to them, I believe that afternoon. And the next time I had any dealings with either North or Poindexter was on Monday the 24th.

Q I take it that North's office was not sealed until the 25th.

A That is right.

Q Was there any discussion about sealing his office?

A No, not with me. I think Poindexter didn't tell me he was going to resign until the morning of the 25th and we really weren't aware of the decision to transfer North until it was announced by Meese at the press conference. In fact, we were not aware of who was going to be the Acting National Security Advisor until we saw it on television.

Q So, you first learned then on Monday the 24th about this memorandum that dealt with the diversion?

A Well, I learned of the fact that there might have been a problem with diversion, but I think it was from Poindexter who said that he had talked to Meese, that there was a complication involving it -- involving a possible diversion or something and if necessary -- or he would rely on the recommendation of the Attorney General as to whether or not he should resign or should be asked to be transferred.

Q Did you discuss with him -- with Poindexter whether he should be transferred?

A No.

Q Did you discuss with Poindexter whether he was aware of the diversion?

A No.

Q By that time did you know that he had told Mr. Meese that he had some knowledge of the diversion?

A I can't recall specifically our discussion, but the clear message was if he thinks I should go,I am going to go.

Q He, meaning the President?

A No, the Attorney General.

Q The Attorney General?

A Yes.

Q Okay.

A At the time I didn't know that the mention of the thing at all, he just told me there would be a problem. I was deeply involved in trying to still work on the chronology and put together the other necessary briefings that we anticipated.

Q Did you know that Colonel North had returned to his office and was returning to his office?

A On the 25th?

Q On the 24th, I guess.

A He was working. I assumed he was in his office on both those days, yes.

Q Did you know whether or not he had destroyed documents?

A No, I have no idea. I understood on Tuesday there was some concern when we knew he would be leaving the staff, when we learned about it at the press conference around noon that he would be leaving, transferred that day. During the course of that afternoon we then put in place some precautionary steps. Brenda Reger would know more precisely the time.

Q But you don't recall any discussion,after you learned about the problem or potential problem of the diversion,about sealing off his office prior to the time that he was actually being asked to leave the staff?

A No.

Q Okay.

A He occupies a suite along with five other people and his -- within that suite are stored various safes and files and so forth, but those sorts of decisions and the knowledge of what was happening during that period Monday and Tuesday was shifting away from us down the hall to either the Chief of Staff or to Wallison or to the Attorney General. We were losing control over people and personnel and things like that.

Q Did you ever suggest that his office should be sealed?

A I concurred with Brenda Reger's recommendation the afternoon of the 25th that it should be sealed, yes. We then changed the locks and so forth.

Q Let me take a look at my notes and I may be done.

Mr. Raul. Let me take this opportunity, then, to just clarify that Commander Thompson has not testified on the basis of any documents being presented to him, either the draft or the final testimony of CIA Director Casey or any of the chronologies and so forth.

Mr. Eggleston. All right. I confirm that that is a correct statement.

BY MR. EGGLESTON:

Q After November 21, did you speak to Oliver North? Between November 21 and the time that he left on the 25th, did you have occasion to speak with him?

A I think I recall talking to him on Monday the 24th and he would have come by the office or something to find out how things were going and, or he related to me basically the gist of his conversation with the Attorney General the day before which was that it did not go well.

Q Did he tell you anything about the substance of the conversation?

A Yes. Well, he said that the entire -- he spend like four hours or something with the Attorney General and with these other three staff over there and that they spent most of the time talking about all aspects of the Iranian initiative and so forth and then at the very end Meese pulled out that April memo that you referred to earlier and said,"what about this?" And North said, "Oh geez, I didn't realize you had that," or "I don't know where that came from," or something like that.

And then he apparently went on to tell the Attorney General, to explain what it was or something.

Q Are you relating to me something that North told you on the 25th?

A Yes. I mean when he came by, it seems like we had a discussion that he had spent much of Sunday talking about this.

Q Did he tell you that he had told the Attorney General about the diversion of money?

A Well, it is unclear to me whether he talked about the diversion of money or just a very great complication had arisen at the very end of their meeting. He was more interested in telling me about the tactics of the Attorney General than he was about the substance of the discussion which was to wait until the very end and suddenly pull out a smoking gun or a, you know, a memo which talked about, as it turns out, talks about the diversion.

Q I take it though that he did not indicate to you that the memorandum that had talked about the diversion was not truthful or never took place or anything like that?

A No. He didn't give any indication either way. He certainly didn't talk at all in terms of the fact that it might or might not have been illegal at that point, just the fact that there was a whole separate aspect that up to then had been the Iranian initiative.

Q Did he know at that time that he would probably be asked to leave?

A It's hard to characterize North's reaction. He often used words like, you know, I am going to be fired. He had been using that for years, that phraseology, so it is hard for me to ---

Q It's frequently true.

A He is kind of a volatile person. I don't know if you have had any dealings with him up close, but you know he often used words like "they can fire me tomorrow" type of thing. He seemed to be in a jubilant mood, just that he described the fact that he had a prosecutorial discussion with the Attorney General, that's all. He was letting me know.

Q Did he have any impression that he would be prosecuted?

A Did he what?

Q You said he had a prosecutorial discussion.

A It is a generic sense, that the Attorney General had come across like a prosecutor in presenting this to him with the way he had elicited this information.

Mr. Eggleston. I have nothing further. Let me do something else at the end. Go ahead.

EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q Let me just begin by repeating very briefly what Mr. Eggleston said to you at the beginning of the deposition. If I ask a questions and what I am asking is not clear, please stop me. If you need to confer with your counsel, please stop me and go ahead and do that. Let me also just finally add that I may skip around quite a bit because Mr. Eggleston has covered most of the ground that I would expect to want to cover in the deposition.

If I go back over something that you have already been asked about it is usually because my memory is poor and I am a poor note-taker. I just want to be sure I understand.

A All right.

Q Speaking about the PROF system, at the National Security Council I gather that system is one that can be accessed from any computer terminal?

A Certainly.

Q To access it you simply have to have the proper code?

A Yes.

Q So, Mr. McFarlane was able to use the system from his home, as I understand it.

A Sure. It is a secure system which means that it can receive and send classified information, so he would have had a scrambler in his home.

Q Okay. But other than maintaining the security, it is sort of a normal computer system and you access it through a password and so on?

A Yes, and pull your particular in-basket off the mainframe and keep it there until you are done with it and then transfer it back down and transfer it back and close down the system.

Q If a use with a valid password comes on to the system and would like to review messages in another account, is that possible? If so, under what circumstances?

A Only if the individual use has given his personal password to the other person.

Q I see. To be a little more specific about it, we understand that on certain occasions there were sub-accounts created so that communications between two users could be referred back and forth using a common heading over an extended period of time.

A Oh, a subject line, yes.

Q Excuse me?

A A common subject line.

Q Such as Private Blank Check, for example?

A Yes.

Q If the user of the PROF system wanted to review the materials in an account such as Private Blank Check, would that be possible?

A What was the first part of the question, if anyone wanted to?

Mr. Van Cleve. Would you read the question?

(The pending question was read by the reporter.)

The Witness. No.

BY MR. VAN CLEVE:

Q It would not generally be possible?

A The only two people that could access would be the sender or the receiver in any case.

Q I see, you would have to have the same password, if I understand you correctly?

A Yes.

Q So, it wouldn't be possible to put in the name of the account, a valid password, and read the messages?

A Not at all. This is a very unique user-oriented system, especially electronic mail. That is all we are talking about. The only way you could access your in-basket is to have your password which then gives you access to all messages you have either sent, received or that have been copied to you.

Q If I understand you correctly, you did not have access to Admiral Poindexter's password at any time, is that correct?

A That is right, I never did.

Q Or to Mr. McFarlane's password at any time?

A No.

Q Let me start this with one general question that may eliminate a lot of the specific questions. Admiral Poindexter attended a number of small meetings during late 1985 and 1986 such as meetings with the President, for example, and one or more Cabinet officers. You generally did not attend those, is

that correct?

A Correct.

Q Did Admiral Poindexter have a habit of telling you about the meetings that he attended after he attended them so you would know as a routine matter what had gone on and be able to respond to questions or inquiries or follow up?

A Not usually as a routine matter. If there were an item that needed to be attended to he would tell me, and I would take it out to the staff to have it done. That could often include the press. If some problem arose that needed further search, he would tell me about it, but other than that he would not necessarily share it with me.

Q If I understood your earlier testimony, it was to the general effect that you were not aware of the Iran Initiative until after it was publicly disclosed.

A Well, I was aware of the finding as of January 20, so I was aware that there was a plan to have the CIA conduct other than intelligence-gathering efforts involving Iran.

Q Including the shipment of arms?

A That was part of the finding.

Q Okay.

A That was included in there as one of the terms, to my knowledge. So that I was aware of the initiative as of the time the finding was signed. I showed it to the five people from CIA and they led me to believe they were going to go forth and execute it as they do with all findings. I was then on certain times aware of shipments or other discussions involving either meetings or logistics questions related to the finding during the course of the year.

Q Would it be fair to say that you were generally aware of what was going on, that you knew that arms were being shipped, you knew there were efforts being made to free the hostages and you knew the transactions were connected?

A Yes. I would have to refer to the chronology to really point out the isolated instances in which I did know. My involvement was that of the assistant to the National Security Advisor, so quite often I was the link up for messages being passed or telephone conversations and things like that and perhaps I was only actively aware or involved in every third one or something, so it is very hard to identify which I was aware of and which I was not.

Q Would that have been equally true with respect to the November 1985 arms shipment itself?

A Yes. As it turned out, on the night of November either 18 or 19, I once again stayed up all night trying to call the Prime Minister [redacted] or some high official in [redacted] to try to get a plane to land there or transit there. Although I did not know at the time any of the details, my only concern was trying to get the individual on the phone so that McFarlane could talk to him. I believe we were in Rome at the time and we were trying [redacted] and it was quite difficult to do.

Q I can imagine. But you were not directly involved in discussing ---

A I had no idea ---

Q -- the transit arrangements?

A No, not at all. In fact, I was at the embassy, McFarlane was at the residence which is about a half hour away and the link-up went from the residence to [redacted] so I never was aware that they completed the call until I learned about it the next day. So, I had no idea of the content. I only pieced this together when I found out that in November of '86, when I was working on the chronology at that time, that that was the purpose of the calls.

Q So, you didn't have any dealings with Colonel North in terms of logistics for that shipment?

A Not for the shipment, but for the phone calls I had North call me from the States and said we need to have McFarlane talk to the Prime Minister [redacted]

Q Did he say why?

A No.

Q Did he assume that Mr. McFarlane would know why?

A Yes, I assume he assumed that.

Q Maybe I ought to rephrase the question. I am a little confused that you would get asked to help arrange a phone call between essentially a foreign head of state and Mr. McFarlane would not know what the subject matter of the phone call was or whether you knew what to tell Mr. McFarlane about the subject matter of the phone call.

A It's not that unusual for anyone of the 40 staff officers to call me at any time day or night and say, you know, McFarlane's got to call Senator so and so, or you have to call Prime Minister so and so and you got to call them within the next five hours or the initiative is not going to work. That is not unusual.

We have a lot going on all the time and you know, North may or may not have even talked to me in person. He may have sent a note or left a message for me, you know, that it's imperative that McFarlane talk to the Prime Minister [redacted] before you guys leave Rome. Period.

Q But without saying about what?

A Yes.

Q How would Mr. McFarlane be expected to find out what he should talk to the Prime Minister about?

A Well, there may have been a PROF or some other message directly to McFarlane from North or some other way. You know, it's, you know, from my vantage point as a special assistant it is very normal to get a note saying the call has to be placed by 6:00 tonight.

Q Okay. Did you happen to see the story in the March 6

Washington Post concerning the possibility that Mr. McFarlane's home was subject to electronic surveillance?

A I heard about it, yes.

Q Do you have any information at all about the contents of that story?

A No, nothing.

Q Are you aware of whether or nto that kind of electronic surveillance of people such as Mr. McFarlane does in fact occur?

A No, I am not really aware. I know the conversations of a lot of principals are listened in to by their staff or by operators, partly to document what is said, partly to make sure that there are no technical problems.

Q You say "by operators," could you be a little more specific?

A Well, either by their various patch operators, telephone operators.

Q Where would those be located?

A Well, they would be located, if these are classified, if they are secure telephones, I guess they are located at the headquarters of the agency that has the linkup, State, CIA, [redacted] [redacted] White House Situation Room. We have one there.

[redacted]

Q Okay. Shultz apparently takes notes when he makes calls. So, you think it actually may be fairly common that a contemporaneous record of these kinds of telephone conversations are being made.

A I don't know. I think that matter was looked into by our experts in the area and they provided press guidance on it.

Q I'm sorry, I'm not following you.

A [redacted] the alleged [redacted] tapping of McFarlane's phone. I believe that was looked into by our communications experts down at the White House.

Q I see.

A They have some -- they provided guidance on that. I am not positive.

Mr. Raul. If I could interject, I am not sure Commander Thompson testified that a contemporaneous record of these conversations was kept. He said that I believe that there were, may have been note takers or people listening in.

The Witness. I am not at all aware of the McFarlane case. I didn't intend to convey that.

Mr. Van Cleve. I didn't think you were conveying that. But I am glad to have the record clear.

BY MR. VAN CLEVE:

Q You don't know about McFarlane, is that right?

A No.

[redacted]

[redacted]

Q Okay. When Admiral Poindexter made telephone calls, was it a practice to listen into those conversations?

A No, not at all.

Mr. Van Cleve. Do you have anything on that?

Mr. Eggleston. I have just one. It was still left slightly murky with me.

EXAMINATION BY MR. EGGLESTON:

Q Are secure telephone conversations involving the National Security Advisor, are they recorded or are they not recorded?

A I don't know the answer.

Q To your knowledge they are not?

A To my knowledge they are not.

Q If there is an occasion when notes are taken, are those taken with the knowledge of the National Security Advisor or whosever's call is being listened in to?

A I would certainly hope so, but I don't know the answer to that either.

Q Furthermore, you wouldn't know where the notes would be kept if they are taken?

A No.

Q It was not a policy of routinely recording these conversations and saving them for Congressional committees, should there be an investigation?

A No, it would have been helpful.

Q Helpful or not, I don't know.

FURTHER EXAMINATION BY MR. VAN CLEVE

Q I have a couple more questions on an additional subject. I appreciate your willingness to be here with us.

My recollection, and I am telling you what my notes reflect, not necessarily what you said, so correct me if I have this wrong. But you testified that on November 21 you got a call from Charles Cooper.

A Yes.

Q At the Department of Justice telling you he wanted to review -- he wanted to send some people to review Colonel North's files. Is that correct?

A That is correct.

Q Did you ask him why?

A I think he told me, I think it was a follow-on to our late night series of conversations the night before that they were not -- they being the Justice Department lawyers -- were not satisfied that we had fully documented the first part of the chronology, the pre-finding time. That is always the most vulnerable period to account for, highlighted by the November shipment and the August shipment.

We did not have, at least from my perspective, we did not have ready access to McFarlane who had already left government service and we did not have any other ways of documenting. According to North's account, he was not in this particular initiative until mid-fall of '85, actually, just before that November shipment. So, it was generally considered by Cooper that especially in light of his conversations with Sofaer and Shultz and Meese from the night before that they needed to do more digging on that aspect of the chronology to account for it. It was quite clear that we needed additional personnel, too, so that is why I think they offered to send over their team.

Q So that I have the time sequence correctly in mind, I believe this call probably occurred after Admiral Poindexter had already briefed the House Intelligence Committee?

A Sure.

Q And after Director Casey had already testified in front of the Congressional committees, do I have the timing correct?

A Certainly after Poindexter. Poindexter started briefing at 7:30 in the morning.

Q Okay. Did you at that point or at any point after that call Colonel North and tell him that his files were about to be searched? If so, when?

A I don't think I called North. I think I called Earl. And it would have been Friday night. It was simply to find out if they were going to be in on Saturday. Each office now, each suite of offices has cipher locks and combinations to get in and I seem to recall getting, I think I called Craig Coy who is another occupant of that suite and I believe I told Coy, and perhaps Earl also, but I know I called one of those two and told them that they may have to come in on Saturday because the Justice lawyers want to discuss and actually look at documents further in support of the testimony or the chronology.

Q And that call probably occurred when?

A Friday afternoon, Friday evening.

Q I see.

A Sometime shortly after Cooper called me. I just wanted to make sure. I didn't have access to the suite. I just wanted to be sure someone was there to open it.

Q If you know, where was Colonel North when you placed the call?

A I don't know. He is normally there. He was probably in the office on the other line.

Q But you didn't ask to speak to him?

A I didn't ask to speak to him. I just wanted to be sure somebody was going to be there.

Q So the record is clear, the actual review of his files by the Department of Justice attorneys did not begin until the next morning, is that correct?

A That is correct.

Q And so he would have had, Colonel North, that is, would have had unfettered access to his files during the period between the time when you called the office to let them know that the search would be conducted, and that next morning, is that correct?

A Yes. I don't think I used the word "search".

Q How did you describe what the Department of Justice was going to do when they would send a couple of attorneys over?

A They wanted to come over and, I can't recall the word that we used, but they wanted to either verify or document the period of time prior to the finding. I could find the word for you. I would be glad to find if that was used. I think Meese used it himself in his press conference on Tuesday.

Q Is it a coincidence that it was the same word the Attorney General used to describe it?

A Was it a coincidence?

Q Yes.

A With what?

Q You said you could find the word that the Department used to describe it.

A We used the same word. That was the word used to me that I used, that they wanted to come over and, you know, meet or talk with North or someone in his office who had access to his files so they could verify the chronology.

Q Did they intend to review the contents of Colonel North's safe?

A I don't know.

Q They didn't indicate to you that they did?

A They wanted access, so I assume they wanted to look in his safe. Virtually all files are kept in safes at the NSC.

Q Could someone else have given them access to Colonel North's safe?

A Yes, his secretary or I think both Earl, Bob Earl for sure had access to his safe. I am not sure about Craig Coy.

Q I see.

A But each one of these people are cleared and interchangeable as far as working in that suite?

Q If I understood you correctly, you testified previously that on November 24 you had a conversation with Colonel North.

A Yes.

Q Is that correct?

A Yes, I believe he came by my office.

Q And if I understood you correctly and I don't mean to -- I'm just trying to describe your testimony here -- you said that when he talked to you about the interview that he had had with the Attorney General the prior day that he was more interested in telling you about the Attorney General's tactics than he was in telling you about the substance of the interview.

A Yes.

Q Is that basically correct?

A Yes.

Q Can you try and describe for us in words as close to his as you can remember them what he said to you about the Attorney General's tactics?

A Oh, just that it was a typical lawyer's conversation in which the Attorney General had spent hours, three to four hours, going over in microscopic detal all aspects of the chronology in the Iranian initiative, at the end of which he said, "Is that all? Is that it? Is that all you have to tell me?"

And North said yes and then the Attorney General whipped out this memo that he found and said, "Well, what about this?" with a certain amount of drama associated with it. You know, this was North's way of telling me about how he would rather not spend Sunday with lawyers and he was -- his reason for telling me this was more,with such drama, was more for just his, perhaps, his way of downplaying the fact that there was a whole other facet to this case which turned out to be not one which one would want to joke about necessarily.

Q Do you remember anything else at all about that conversation?

A No. I know that the other three guys were there because North told me they were there and then I think North said, what else do you want, and the Attorney General said, what do you want to tell me about this or something, and that is about it. I am trying to recall whether North said something like, oh, you found that, or something, but I really can't recall what else.

Q To help your memory, did he say something, and then he sprang this thing on me, or then I got trapped because he put this document out -- anything like that, like say this was not fair game, first I had to sit for three hours and listen to this, then they brought this memo out? Anything like that? Sort of like, you lawyers are all like this?

A No. I think it is just the way I described it, just that he whipped out this memo at the end or something like that.

Q Okay.

A You know, the whole point of the thing was, we spent the whole time talking about Iran and suddenly he asked about this memo which somewhere toward the end had this something about diversion in it to Nicaragua.

Q Let me just quickly look over my notes now and see if I am finished.

I think you may have been asked this question, but for the sake of completeness and so we don't have to take up your time at a later date, did you normally attend the President's daily briefing?

A No.

Mr. Eggleston. I had forgotten to ask that question.

Mr. Van Cleve. Thank you very much.

Mr. Raul. Let me just say, if I could add, express my thanks to the House Select Committee and to Mr. Eggleston and Mr. Van Cleve for all of your courtesies and to note for the record that Commander Thompson appeared here today voluntarily, pursuant to the request of the committee. Thank you.

Mr. Eggleston. Thank you.

Mr. Van Cleve. We appreciate that.

Mr. Eggleston. Thank you for being with us today, Commander Thompson.

(Whereupon at 7:00 p.m., the deposition was adjourned.)

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Stenographic Transcript of

HEARINGS

HSITS 0076/87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

TESTIMONY OF PAUL THOMPSON

Tuesday, April 28, 1987

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TESTIMONY OF PAUL THOMPSON

Tuesday, April 28, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan
Opposition
Washington, D. C.

Deposition of PAUL THOMPSON, a witness herein, called for examination by counsel on behalf of the House Select Committee on Covert Arms Sales to Iran, having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, pursuant to notice, at 10:44 a.m., in Room SH-901, Hart Senate Office Building, Washington, D. C., and the proceedings taken down by Stenomask by MICHAL ANN SCHAFER, and transcribed under her direction.

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APPEARANCES:

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P R O C E E D I N G S

(Witness sworn.)

MR. EGGLESTON: Let me just for the record state that my name is Neil Eggleston. I am Deputy Chief Counsel of the House Select Committee on Iran; Mr. Phillip Bobbitt is here on behalf of the Senate and is Staff Counsel at the Senate. This investigation is being conducted pursuant to House Resolution and the Senate Resolution, both authorizing the two Select Committees to conduct an investigation into activities both surrounding the Iran initiative and the Contra activities.

I think we have both probably previously provided you with copies of the resolution and the rules. I take it the White House has received those. In any event, it is pursuant to those documents that this deposition is being conducted.

MR. McGRATH: Let my say my name is Dean McGrath. I am Associate Counsel to the President. Mr. Thompson agreed to be here voluntarily today as he did on March 9th when he was previously deposed by this Committee in connection with its current investigation.

Whereupon,

PAUL THOMPSON,

was called as a witness by counsel for the House Select Committee and, having been duly sworn by the Notary Public,

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was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. EGGLESTON:

Q Mr. Thompson, as your Counsel, Mr. McGrath, has mentioned, you, of course, were here previously and on that occasion you were asked a number of questions both about your own background, your involvement with the NSC and up through pretty much through the events of November 25, 1986, and I think at that time you indicated your involvement substantially ended as of that time. You were asked to no longer participate because --well, for whatever reason you were asked to no longer participate.

What I'd like to do today is just ask you some specific questions about various events, meetings, things that took place. The result is going to be I'm going to jump around a little bit. Obviously if any time you don't understand a question or you don't understand a time frame or a reference, either you or Counsel can just ask me to specify it because although I'm going to go generally chronologically, I'm not going to go day by day; it's going to be much more jumping around.

The first area that I wanted to ask you about was to ask you some more detailed questions about the investigation that arose following the letter which was sent to the NSC by Mr. Barnes. I believe there was also a letter from Mr. Hamilton, both Members of the House of Representatives. I'm going to just generally characterize; I'm not going to ask you to adopt what your testimony last time you were here.

Generally you testified that a records search was conducted, that after the records search was conducted various documents were produced, that the documents were provided Mr. McFarlane. He reviewed them and thereafter I believe there was some meeting with Mr. Barnes which took place.

What I want to ask you about is some specific questions about the document search and production process. And let me start. I think it would be helpful -- have you had a chance or have you reviewed any of the documents that are relevant to this aspect of your time at the NSC prior to testifying here today?

A Yes, I've had the occasion, in fact, yesterday in the company of Independent Counsel to look at five or six documents which pertain to this time -period.

MR. McGRATH: To make it clear, that was not in preparation for this testimony; that was as a witness in connection with the Independent Counsel investigation.

BY MR. EGGLESTON: (Resuming)

Q Were you a witness in the Grand Jury?

A No.

Q This was an interview?

A It was an interview.

Q Could I have this marked PT Number 1?

(The document referred to was marked PT Exhibit Number 1 for identification.)

Let me just show you what's been marked PT or Paul Thompson Exhibit 1. If you could just review this, this might bring you up to speed on some of the initial actions that were taken following the submission of the letters from Mr. Barnes and Mr. Hamilton.

(Pause.)

A Okay.

Q Does that document help you remember the events surrounding the search for documents after the Barnes and Hamilton letters?

A Well, it still doesn't bring back the actual events, but I can follow the sequence from looking at the memos.

Q Can you, based on your recollection as refreshed if possible by these documents, explain to me once the letter came in the steps that were taken in order to search the system for various documents which might be responsive to responding to the inquiries?

A Well, there appears to be missing from this package the initial profile sheet should have been attached to this letter when it first came in. In fact, yesterday by the Independent Counsel I was shown the profile sheet on the 16th of August. The letter was dated -- it arrived on the 19th of August at the NSC and was put into a normal staffing procedure in which it was assigned to one staff officer for action, several additional ones for concurrence and several ones for information.

There was then on that same profile a sheet, I believe, a reassignment of the action to Brenda Rieger since this appeared to be another request for information from Congress. In fact, initially it was treated by the clerks as a Freedom of Information request, but Brenda would obviously realize it would not be a FOIA request coming from Congress, but rather it would be a Congressional request for information.

At any rate, Brenda, as the action officer, then a day later on the 20th of August wrote a memo to John Poindexter, who at the time was Deputy National Security Advisor; Bud was also the senior member of the NSC staff in Washington. This was during the August recess period, which at the time McFarlane was on duty as National Security Advisor, was in California with the President.

So she sent a decision memo forward to Poindexter asking him his guidance on the scope of the response, and provided what appears to be quite a bit of background information, perhaps asked by the Admiral, as to whether or not we have done a broad response and whether or not we've actually made people available to testify.

At any rate she made two recommendations to Poindexter. It looks like he approved both of them. The main recommendation would be to search the Secretariat Intelligence Crisis Management Center files, including Presidential NSC files to try to find anything dealing with the codewords which she would put into the computer and, based upon the Admiral's recommendation, three days later her assistant Donna Sirko, then did that search and sent it up through Bob Pearson to me, which would be a logical sequence.

The Freedom of Information Office, the Information Policy Office reports to through Legal Office informing us that they've done a thorough search by computer of our various systems using the words North and Nicaragua and about a dozen individual keywords -- she doesn't say what those are -- and attaching, apparently, the profile sheets from those searches.

So tabs 3 and 4, if they were attached to this, would show the hits which were received from the search that was done at the same time. Oh, there's a PROFs note here from Pearson which reassigns the action to Rieger. And there's also a cover sheet showing that this item was sent by data communications to Santa Barbara where McFarlane was to inform him of the request by Barnes or the letter by Barnes.

And that's pretty much the documentary history based upon this package. There are a few things missing.

Q From this package?

A Yes.

Q I wanted to ask you some questions about that package, but if you want to look at it, Mr. McGrath, let me just ask you as to the memorandum written by Donna Sirko -- S-i-r-k-o -- to you dated August 23, 1985, which has a number put on it not by the White House, N29812, it's a document control number put on it by the Committees.

Let me direct your attention to the paragraph which deals with System IV documents. Do you recall whether at the time that you received this with the various tabs whether as of this time you received only the profiles for System IV documents and not the documents themselves?

A I can't recall that.

Q Does anything about this document indicate to you whether you would have received just the documents -- or excuse me, just the profiles or the documents as well?

A Well, this cover memo indicates I would have just received the profiles. I should point out, of course, that this request came in the context of a number of other Congressional requests and it could very well be that we were already in possession of the underlying documents.

If you compare the profile tab to the actual documents which were in either files, you'd probably find we already had most of those documents, if not all.

Q By "we", you mean the Legal Office had already pulled them?

A Well, they had been the fruit of earlier searches at the request of other members of Congress. I can't recall the dates of these other requests, but they were around the same time frame.

Q Let me ask about a particular sentence in this, and I will read it just so the record is clear. And this is from the paragraph dealing with System IV documents, it says: "Of the 22 items" -- which were first of the items searched under System IV -- "of the 22 items, possibly four to be pulled (per Jim Radzimski's manual search). I have attached all profiles. (He's not indicated which items would be considered) for your review."

Do you have any recollection what the line of the 22 items, possibly 4 to be pulled refers to?

A No, I don't. Radzimski would probably be able to tell you. I can't tell. I certainly can't recall, unless four of these are Presidential instead of institutional files. I can't follow it from what she's written here.

Q So you don't have any recollection of what "pulled" referred to, whether it meant pulled out of the stack, pulled for review, pulled not to be reviewed? As written, it's slightly ambiguous just exactly which way pulled refers.

A Yeah. Well, when she says a manual search, which is in parentheses right after the word "pulled", perhaps she's distinguishing the need to physically retrieve those documents as opposed to by computer. I just can't tell.

Q Let me have this marked PT 2, with today's date.

(The document referred to was marked PT Exhibit Number 2 for identification.)

The documents as we've received them and the documents I've shown you are all documents we have received from the NSC or the White House or whatever. The document says we've received them. This packet does not have the profiles actually attached to this letter. I would like to show you what's been marked PT Exhibit 2 and ask you whether you recognize these sheets as sheets that were received by you in connection with this document examination.

These are, as I understand it at least, profile sheets for various documents that are maintained in the NSC System, System IV.

A Each one of these is a separate profile sheet?

Q It appears to me that each one has a different number on it and each one is a different profile sheet.

A What was the question? Do I recognize them?

Q Do you recognize them as having been received by you in or about August of 1985 in connection with this document search?

A No. I don't recognize them. I don't doubt that they may have been. They certainly appear to all be on track as far as the subject matter goes.

Q So the best you can say is that although you don't recall them it would seem to you that based on the codewords put in you would infer that these profile sheets are among the ones that would have likely been produced to you. Is that a fair statement?

A Certainly.

Q Could you mark this PT 3?

(The document referred to was marked PT Exhibit Number 3 for identification.)

Q Let me show you what's now been marked PT 3. So the record is clear, let me describe the document slightly because I'm only addressing your attention to the top half of the document, not to the bottom half.

The document is an 8-1/2 x 11 sheet of paper; half way down the sheet there is a date, November 21, 1986. And below that there is some handwriting. I'm not directing your attention to anything starting with November 21, 1986 and below. I'm just addressing your attention to the numbers and things prior to that.

A Okay.

Q And assuming now that the document that I'm talking about is just the top half of the page, have you seen that before?

A I don't know. This may have been a working document that came out of the files.

Q Okay. You don't have any particular recollection of having seen this before?

A No. I can't look at it and immediately recognize it. This appears to be a typical working sheet. I recognize the handwriting.

Q I was going to ask you that.

A At least I think I recognize the handwriting as being that of McFarlane, with these numbers.

Q Do you associate this in any fashion with the search that was done in the summer of 1985?

A No. There's no real apparent association. I'm not familiar enough with the assignment of System numbers to know whether that pertains to that chronological time frame or not.

Q Okay, let me just tell you that the numbers that are on this sheet match the profiles, the numbers on the profiles sheets that I just showed to you. If you want to see the profile sheet and check that, you're welcome to. At least I think I'm basically right. And I think the others similarly -- I'm not sure they all do, but I think that they generally match up between these profile sheets.

A Okay.

Q You don't recall, though, seeing this document in the summer of 1985?

A I don't recall it, no. I would say I probably did see it, I mean, it was probably part of the working file which was kept by McFarlane during that time.

Q Let me direct your attention to the bottom half of the page now. Let me make it this way -- the entire document, including the bottom half of the page. Addressing the document in that fashion, have you seen this document that's PT Exhibit 3 before?

A No. In fact, this looks almost like two different documents. In other words, this top part appears to be a smaller memo which was Xeroxed and appears to be on a 3 by 5 White House stationery. And the bottom one, the bottom half of it appears to be coming from another document.

Q But you've not seen the lower document before, either?

A I can't recall having seen it.

MR. McGRATH: If I could note for the record that the profile sheets marked with, I believe, the Committee number is 29775 through 29779 do in fact correspond to the numbers on the upper half of this sheet; the last profile sheet, 29780, does not appear to correspond to the numbers listed on the upper half of PT Exhibit 3.

BY MR. EGGLESTON: (Resuming)

Q Thank you. Let me show you now -- could I have these marked PT 4, 5, 6, 7 and 8?

(The documents referred to were marked PT Exhibit Numbers 4 through 8 for identification.)

Let me just read into the record so it's clear and you can watch along if you want. The document PT Exhibit 4 is a document which contains the NSC control number 402007. I'll put that you in front of you and go through all of them.

Document Exhibit 5 has got NSC control number 402003. PT Exhibit 6 has got the NSC document control 400215. Seven has document control number 400246. And 8 has got the document control number 401214. Could you take a minute and look through these?

A For form or content?

Q For content. And the question I'm going to ask you at the end is whether you have seen these documents before. Then the next question I'm going to ask you so that you can have it in your head while you're looking at it is whether or not you saw them in the summer of 1985 in response to the document search that was done.

MR. McGRATH: Let the record show that these are in fact the documents with the same NSC numbers as those identified on the profile sheets and the upper half of PT Exhibit 3.

MR. EGGLESTON: That's correct.

(Pause.)

A All right. I've had a general look at them. These are, by the way, the same documents that I saw yesterday that were shown to me by the Independent Counsel.

Q I had a feeling you were going to say that.

A So I'm somewhat familiar with them.

Q Having looked at them, and I assume they asked you this same questions that I'm going to ask you about them -- or at least those two questions -- which were -- and I think just so the record doesn't get confused maybe I should do it exhibit by exhibit, speaking about asking just exhibit by exhibit, each one of them so the record doesn't get confused.

Let me just take you one by one starting with Exhibit 4. First, prior to yesterday, do you recall having seen that document before?

A Well, my answer would be the same as on these earlier documents. I can't recognize the document when I look at it; I would, however, strongly assume that this was part of the documents which were the fruit of the searches during the summer of 1985 pertaining to Congressional inquiries. I don't know at all that I saw this with regard to the Barnes' inquiry. Certainly based on the subject matter and the date, I would say it was part of the general files that were produced during the summer of 1985.

Q Let me just ask you, I want to make sure sort of the level of your recollection. Do you recall seeing that in the summer of '85, or do you just assume since it's a document that would have appeared?

A I assume. I don't recall seeing it in the summer of '85.

Q If I were to ask you that as to the rest of the documents, the Exhibits, I guess, 5-8, would you answer in a similar fashion?

A With one exception. I do and I told this yesterday to the Independent Counsel, I do recall one document which has a handwritten note by John Poindexter at the bottom of it. I recall that document from two years ago.

Q Let's get that one.

(Pause.)

Is this the one here?

MR. COLBY: That's PT number?

BY MR. EGGLESTON: (Resuming)

Q PT 5.

A You don't have page two of this. It's supposed to be a two-page document.

A That's it right there.

Q They are identical. Essentially what I've done is kept them stapled as they came to us because I didn't want to --

A This page on this document.

Q So the document you are referring to is the last page of PT Exhibit 6, which you believe is the last page of PT Exhibit 5; is that correct?

A (Nods in the affirmative.) That's my understanding.

Q Let me ask you. This is the one document of the documents numbered 4 through 8 that I have shown you that you actually recall seeing in the summer of 1985?

A That's correct.

Q And what is it that you recall about this document?

A I recall having a conversation with Admiral Poindexter that of all the documents that had been turned up and that had been under discussion as possibly being considered for being made available to Congress, one of the documents had a handwritten notation by him on it. I wanted him to be aware that we were considering not only sending or discussing official documents but also ones that had been personally notated with Members of Congress.

I just thought he should be aware of that.

Q Did you have any discussion with him about the content of the document?

A No, not really. Admiral Poindexter, apart from his earlier memo in which he had authorized that the search be done, was really not that involved in Congressional responses dealing with the contras in the summer of '85. That was done exclusively by McFarlane.

Q Do you also here today recall the substance of this particular memo was about a ship, the Monimbo and that kind of activity, or is what you remember about it the fact that it had a note on the bottom of it?

A Well, the note primarily was what prompted my recollection yesterday, but I also do recall that it had to do with the fact that we had intelligence dealing with a ship and that the Admiral's notation here is potentially misleading, depending on how you interpret his choice of words.

I also should note that this memo does not appear to have been acted upon by anybody as far as checking the recommendations.

Q Could you read the Admiral's note which appears at the bottom of the page?

A The notes says: "We need to take action to make sure ship does not arrive in Nicaragua." It's initialled JP.]

Q You indicated that you thought that that note was misleading in some fashion.

A Well, it could be interpreted certainly by some people to mean that the United States Government or whoever the "we" is, but by inference the United States Government, would need to take military action or a more aggressive type action. But that's just one interpretation. It could also be simply a sharing of intelligence with other nations that could be involved, preventing the progress of this ship.

I seem to recall that eventually the ship did in fact make it to Nicaragua, or perhaps that was another ship.

Q Did you discuss the substance or the content of this note with Admiral Poindexter at the time you mentioned to him that you were maybe turning over the note?

A No. It was really a passing conversation. In fact, we were standing up in the outer office at the time.

Q Okay. Did you discuss the content of any of these memos that I showed you today, if you recall, with Mr. McFarlane?

A Not really. He had himself each of the documents which were produced by the Freedom of Information or by the Secretariat search. He personally reviewed them in his office and in fact I think that earlier document you showed me in his own handwriting was his list of the memos that he wanted to focus on.

He then discussed his Congressional response with North directly.

Q And how do you know that the list that I showed you previously, which I should probably have in front of me, how is it you know that PT Exhibit 3, that handwritten list, is a list of documents that he wanted to focus on?

A Well, I just recognize his handwriting, so I assume that when he was going through the documents those were ones that either were of great interest to him or of no interest to him. I don't know that they were of great interest to him; they could have been either way.

Q As you read these documents -- I guess I should ask it this way. Did you read these documents yourself prior to giving them to Mr. McFarlane for review?

A I can't recall that I did. The documents came over to me. They were handcarried over by, I believe, Brenda Reiger and Jim Radzimski or Brian Merchant, and we discussed the fact that many of them were very sensitive and that it would not be in our interest from a classification point of view to have them released to the Hill.

That's a recommendation that Brenda and I always make when we deal with the release of information -- the fact that it's protected for several reasons, not only classification but also, of course, executive privilege. Some of these documents, however, were not White House documents. They were NSC or institutional records and therefore Brenda and I were concerned that they might be more easily accessible by others.

Beyond that, I think I presented them to McFarlane by system, organized in a large folder. He then had them in his possession for a number of days in preparing his response to Congress.

Q Okay. If you'll permit the characterization, various of these documents seem to indicate that there is some involvement by Colonel North in various activities beyond merely meeting with contra leaders to pursue political goals. You may disagree with that characterization, and I understand that it's just a characterization, but PT 6, for example, the subject matter is [redacted] Aid to the Nicaraguan Resistance", and actually attaches to it false end user certificates for $8 million worth of munitions.

Do you recall any of these documents causing you concern about the degree of Colonel North's involvement in the activities of the contras?

A Well, we were obviously very sensitive to the concerns of Congress and to the restrictions that existed. Our specific request in this case was to respond to the allegations made by -- not the allegations but to the inquiries made by the Members.

I think I did talk to North about the extent of

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his travel to the area. I think he made eight or nine trips down there during that time frame. I wanted to know a little bit more as to why he was going down there so frequently, and I also asked him in regard to his fundraising or to his public speaking as to the extent of that involvement.

And he assured me that although he knew all the players and the people that were involved in this that he himself was not soliciting any money, that he was clearly speaking to a number of groups that were for the Administration's position, and he was very familiar and knew personally a lot of these members or a lot of these people.

Q Do you recall whether you discussed any of these documents in particular with Colonel North?

A No, I don't think I did. North's involvement with this was limited to his personal interaction with McFarlane and his knowledge and contribution to the drafting of various correspondence going back to the Hill. North, I think, originally had action on this matter and we took it away from him and gave it to, I believe, Ron Sable. I could be mistaken.

I think North offered to go to the Hill to meet with the Committees, but we preferred to have McFarlane do that, and that's the way it turned out. McFarlane, by the way, opted not to take North with him. He went up by himself to meet with Members.

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Q But as of the time you discussed with North his activities had you already reviewed these documents?

A I was -- I think I probably had. I can't say for a fact I did. When the letters first came in, all three of them came in, at some point either before or during that I had a conversation with North, and when I said there's a fair amount of interest in your activities and it's at that point that we discussed his fundraising activities and his involvement with the military folks in the contra movement.

Q As I recall -- I'm sorry.

A But I'm not sure whether I looked at the documents at the time I was talking to him or afterwards. I don't think he actually saw those documents, but of course he produced most of them.

Q So he may have had his own copies?

A He should have his own copies of each one of these.

Q As I recall, one of the responses -- I think the letter to Congressman Barnes -- did you see the letters to Congressman Barnes and Congressman Hamilton before they went out?

A I believe I did.

Q As I recall, the letter to Congressman Barnes says -- and I could find it because I think it has been produced among the materials that were produced -- I think among the things it says is that no one in the NSC Staff solicited or assisted in the soliciting of money for the contras. Let me just direct your attention to page two of PT Exhibit Number 7. It has a Committee number, just for identification purposes, the Committee number N-10620 at the top.

Paragraph two of it provides "the current donors must be apprised of the plan and agree to provide additional 25 to 30M", which I assume means million, "to the resistance for the purchase of arms and ammunition." Do you recall whether you read that paragraph of this document at the time?

A No, I can't recall specifically.

Q That paragraph would certainly suggest that Colonel North is involved in soliciting funds and is phrased as if going back to the donors and soliciting funds for lethal assistance. This would have been approximately six months or so prior to the time of the Barnes letter, which was early September.

A Well, it appears that this is an action memorandum in to McFarlane from North in which he is proposing various plans as part of an overall fallback plan in case the Congressional appropriation falls through, but it appears that the McFarlane recommendations don't on here, so that doesn't tell me he did it even if he was suggesting to. Of course, it doesn't say either who would apprise the current donors or how that would be done.

So, you know, I think that's sufficiently vague on the face of it. You also don't seem to have the final page of this memorandum either so we can tell what final disposition was.

Q In any event, you don't recall reading that and being concerned about whether or not Colonel North might be involved in soliciting funds for weapons?

A No. Quite the contrary. If I read this and I get a clear direction from McFarlane telling him not to do that going back to March of that year, then that would tell me that he had been discouraged from pursuing that avenue.

Q Do you recall whether you discussed any of these documents or whether you had a discussion about this particular issue with Mr. Fielding?

A No, I don't. I know Fielding's primary interest in this whole matter was to obviously ensure that the President was not at all involved in any sort of activity which would be improper or have the appearance of impropriety. So those sorts of discussions should probably have taken place between McFarlane and Fielding, who were on the same staff.

Q So you didn't have discussions with Mr. Fielding about this issue?

A No. I don't recall. I should point out also that this memorandum came up through our system. This is PT

Exhibit 7 came up through our system on the 16th of March, was routed to our General Counsel at the time, Bob Kimmett, who initialed off, and then it went straight to McFarlane, who appears to have taken action by initialing it. And then I notice he wrote on there a note to Poindexter: Please return to Ollie directly.

I should also point out we don't have the benefit of knowing what the approval was.

Q What the ultimate action was?

A Yeah, but the notation clearly appears to apply to each proposal separately as to whether it's okay to do or not okay. But Fielding was involved with Presidential participation. That was his main interest, and we always consulted him if it appeared the President was going to speak either in person or by video to a private group that was interested in advancing the contra cause.

Q So you don't recall any specific discussion with Mr. Fielding. As I just sort of recall from seeing various of the documents, it became kind of an issue with Congressman Barnes of Executive Privilege -- who could see the documents, who couldn't. It could be just him and not his staff.

A Now you're back to the procedural side and not the substantive side. On that area I might very well have spoken with either Fielding or Hauser. We normally talked several times a day on issues such as that.

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Q Do you know whether you provided Mr. Fielding or Hauser with copies of the documents?

A Don't know for a fact, but I could very well have done so. I could have showed them to either Fielding or to Hauser, or McFarlane could have done so in view of the fact, and not really responsive to the Barnes request as much as to the full Committee Chairman requests. I think they might have taken it more seriously.

Q You recall that there was a meeting that took place between Mr. McFarlane and Mr. Barnes, Congressman Barnes?

A Yes, very definitely.

Q Did you attend the meeting?

A No, no. It was just the two of them.

Q Do you recall whether you had a conversation with Mr. McFarlane around this time -- by "this time" I mean August-September 1985 -- about when the NSC documents become final?

A Yes.

Q Could you relate what that conversation was?

A Well, it was a very generic one. He was interested in knowing a little bit more about document creation, classification and control. I remember leading him through a general discussion on when documents are created by an NSC staff officer, as to whether or not they are a White

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House document or institutional document, at what point they actually are entered into the system and become a record copy to the point that they must be maintained, how they proceed through our system, the fact that they retain their original designation as either a Presidential or institutional document, and then from there how they ultimately are disposed of, whether they end up in the Archives, remain in the NSC files, whether they are subject to Freedom of Information Act, whether they are subject to Congressional access or not.

The thrust of the discussion, as I recall, was more toward -- at the time he appeared to be considering actually making documents available and I think it was a question of which ones would be clearly subject to Executive Privilege and which ones there would be less of a defense for. But I think that became a moot point because, as I recall, we turned out making no documents available.

We proposed the option of letting them look at documents as opposed to actually turning them over or reading documents to them, explaining contents to them. It's a normal routine we go through when we deal with Congressional requests.

Q Do you recall, though, this conversation took place in connection with the Congressional inquiries that arose out of the activities of Colonel North?

A I seem to recall that it took place during that time frame, and it pertained to all of the documents which we had generated as a result of the search.

Q Do you recall whether he asked you or you had any conversation with him about whether or not it was possible to make changes in documents that might not be accurate?

A No. I don't know whether he specifically asked that. I understood his question to be more of when does a document really become a document. In other words, if it's submitted by North to him, he never acts on it, then is it still a document or can it be basically destroyed. He would be well familiar with our procedures to modify.

We either have what we call a redo or an addon document, which we use when we want to change a document. It receives the same four or six-digit action number, but it just has a designation on the front of it. So I don't recall that specific aspect of the discussion.

Q Did you -- but you do recall him asking you something about how to make changes to documents or what the procedure might be to make changes to documents if the documents are inaccurate?

A Not changes. I believe how to correct documents or subsequently to modify the contents of a document by issuing an amended document, but I don't recall actually changing existing ones.

Q That's what I was asking you. Did he ask you whether it was possible to make changes in documents without reflecting the fact that the change had been made?

A I can't recall that specifically.

Q I'm asking whether he asked the question. I take it now or even then your response would be no, the way to make a change is to have an addon. Do you recall whether he asked you whether it was possible to make a change to a document that turned out to be inaccurate, whether or not it was possible to change it?

A I don't recall that specific question, no.

Q Do you recall any discussion about a difference between documents that are among parallel people as opposed to documents from, say, North to McFarlane that are acted on -- that there was a difference in sort of whether or not they are a final document?

A Yeah, I seem to recall a general discussion of when a document actually achieves enough status to require perpetuity, but I can't recall really the context, the question, other than, as I just said a few minutes ago, it probably had to do with the fact that if a document were not acted on at all and there's no apparent notation on it, is that really a document.

Q Do you recall what you responded to him? Is it a document if it's a memo --

A I think I probably said it was once it was in the system, once it was released by that staff officer and put into the system and had a number on it and went forward. Then I would imagine that it would become an official document created in an official capacity at that point. That probably was my answer, if I was asked that specific question.

Q And so your answer would have been it's not possible at that point to destroy it or simply eliminate it from the system?

A Probably was. You know, I haven't researched the Presidential Records Act to know for a fact. It would seem to me if a staff officer creates a document, has it typed and ready to go, but he then decides he doesn't want to send it forward and destroys it, then that's not a problem. But once he has sent it forward my guess would be that it probably should continue in existence.

But I don't think we had that specific a conversation.

Q Just one last question along this line, and that is do you recall anything about whether or not if it's a memo from two members of the NSC staff at the same level, as opposed to a memo going to a superior for action, that perhaps that is a document that could have been destroyed or was not a "document" for the purposes of the Presidential

Records Act?

A A memo from two staff officers?

Q From a staff officer to another staff officer, a lateral memo, as opposed to a vertical memo, for lack of a better way of thinking about it.

A We certainly didn't have that sort of discussion at all.

Q Do you know what happened to the documents that had been collected, particularly the documents out of System IV, after the Barnes inquiry was over?

A I believe those were returned to the System IV custodian, either Jim Radzimski or Brian Merchant. They may have been sent via Brenda Reiger, but they should have been sent directly to the System IV custodian.

Q Would they have been sent by you?

A Yes.

Q And the other documents, the System II documents and the profile sheets, I take it they were maintained in a file somewhere; is that accurate?

A They should have been returned to Brenda Reiger for destruction also. These were all copies of the originals, so they had no independent validity.

Q Some weeks ago members of the House staff looked at two files that were produced for us that were relevant to this inquiry, and now I think we have been provided copies of those. I just wondered if those were files maintained by you in your offices.

A I don't think so.

MR. MC GRATH: Can you describe with any more specificity?

MR. EGGLESTON: You were not there, actually. Most of the documents that I'm showing you here today were present inside of that file. In addition, the actual documents that were taken out of System II were in those files. The documents that were taken out of System IV I think were not in the files, but the profile sheets of all the documents -- the 22 profile sheets -- were present in the files that we were shown.

THE WITNESS: That sounds like the file that Brenda had. Sounds like the working file McFarlane used to respond to Congress.

BY MR. EGGLESTON: (Resuming)

Q That was not a file then that has been maintained by you since the summer of 1985?

A No, no. We don't really keep any files like that in our office.

Q I take it you know a man by the name of Brent Scaroni.

A Yes.

Q Mr. Scaroni, right around the time of the

Congressional inquiries also, as I understand it, begins an inquiry into the activities of Colonel North. Did you have occasion to meet with him about the inquiry that he was conducting?

A I believe I did.

Q Do you recall whether it was before or after the letters were sent to Members of Congress?

A No, I can't recall the timing.

Q Do you recall anything else about the meeting you had with him about his inquiry? When was it? Who else was present?

A Well, he came over to my office and we had a general discussion on whether or not the Boland Amendment and other restrictions would apply to members of the NSC staff. I think we had a discussion of that nature. I told him that certainly it was an interesting point. We have a case of the Boland Amendment specifically addressing the CIA and Department of Defense, and we had already determined that NSC was not an intelligence entity in that definition.

But I think about this time McFarlane had already represented to the Members of Congress that whether or not we were subject to the Boland Amendment we would consider ourselves subject to it, or words to that effect. So it seems like I had that sort of conversation with Scaroni. Apart from that, I don't know what we talked about.

He would have had access to North and to the rest of the staff members within the NSC. I think he also sometime around that time frame provided McFarlane with a memo that had been done by the Foreign Intelligence Advisory Board on some element of Central America.

Q Do you recall whether during the meeting that you had with him you showed to him any of the documents that had been collected for the purposes of the Congressional inquiries?

A I can't recall that, no.

Q You don't recall handing him a stack and saying these are the same ones that I showed to Congress?

A No. We didn't show any to Congress that I know of. I don't recall showing any to him.

Q You do not recall?

A I don't recall his asking for any. He may have; I just don't recall it.

Q Do you think that he -- again just probing, making sure I understand your recollection -- do you have a recollection that you did not show him any documents or just that you don't recall?

A I don't recall either way.

Q Do you know whether he spoke to Colonel North?

A I don't know. I would assume he did.

Q Did you ever read his memorandum?

A I think I looked at it.

Q I think his memorandum indicates -- and I did not bring a copy of it with me, although I suppose we could get it without too much trouble -- I think his memorandum refers to an investigation that he conducted and the second half of the memorandum is kind of a factual conclusion based on the investigation. He indicates that he had reviewed some documents. I'm not sure that's right, but I think that he makes a reference to his investigation.

I take it he reviewed -- would he have gotten those documents from anybody other than you?

A He could have received them from Brenda Reiger or he could have received them from a particular staff officer who shared them with him. You know, we work in close proximity and close relations with the staff of the Intelligence Oversight Board and the Foreign Intelligence Advisory Board.

Q He has -- just to tell you -- he has a recollection of getting documents from you and documents which you had indicated to him were the same ones that had been collected for the Congressional inquiry. Do you think that his recollection is incorrect?

A No. Could very well be. I would be surprised if I would have provided him with the same files that had been provided to McFarlane without a written request from the

Intelligence Oversight Board. Perhaps I did.

Q Would you have provided him System II documents but not System IV? I know now you don't have a specific recollection, but my understanding is System IV are intelligence oriented, substantially more sensitive than System II. That may be an over-generalization. Would you just have shown him System II but not System IV in response to a request?

A It's possible. It depends on the nature of his request, but I really can't recall what aspects he was looking into. To this whole line of questioning, I can't recall whether we ever had a written request from the Board or whether he was just in my office to scope out whether or not the Board wanted to look into the issue.

Q So you don't recall any conversation with him about the documents or showing him the official documents as opposed to the ones in North's office or any of that? You don't recall any discussion with him along those lines?

A No.

Q Let me go out of '85 and into '86. In the summer of '86 -- and I don't have documents to show you on this -- in the summer of '86 I take it that there was a renewed interest in Colonel North, and that's the time when actually a resolution of inquiry was passed, and I believe you testified last time that some additional investigation was done to respond to that inquiry in the summer of '86.

Do you recall whether the records were checked again, whether there was a new records search check done?

A I really can't recall. Maybe I answered it last time, but I can't remember already.

MR. MC GRATH: Last time you did indicate that a system search was done.

BY MR. EGGLESTON: (Resuming)

Q That was sort of an introductory question to the next one, which is do you recall whether any records that were found in the summer of '86 -- do you recall whether there were any additional ones to the ones that were found in the summer of '85?

A No, I can't recall that.

Q We have not, I don't think -- and maybe I should be discussing this with Mr. Rawl and not with you, Mr. McGrath, but I don't know that we have received the same kind of file from the summer of '86 inquiry that you so graciously showed us with regard to the summer of '85.

MR. MC GRATH: I am not familiar, so I can't answer that.

BY MR. EGGLESTON: (Resuming)

Q You do not have any recollection?

A I'm not sure one was created. I can't recall a letter in '86, whether that pertained to events of '85 or whether that updated us through '86. Perhaps we're relying on information which we had already brought together for '85 to answer the '86 inquiry. I just don't know.

Q I suspect, though, you would have done some additional search to see if anything had happened. It would be unlike Congress to ask as of our last inquiry give us the same answer and don't go further up to the point of this --

A I would think we should have done some sort of search this time around. It was Poindexter who was National Security Advisor, and McFarlane had departed. He had been the one who had taken on the total responsibility of responding to Congress and made all three prior Congressional appearances.

So this time around it was not something that Admiral Poindexter, I thought, felt confident in doing on a personal basis. So we ended up having North made available to the Committee.

Q Did you deal with Admiral Poindexter in response to the request that came in the summer of '86?

A I'm sure. He was the National Security Advisor and he was the person to deal with, but we treated that letter the same way. We put a profile sheet on it. We staffed it to somebody for action, and we got our usual regional legislative, legal and informational people involved, and I believe the legislative folk came up with a strategy memo to Poindexter suggesting that either he go meet with the Committee or, if not, that someone else do so. And eventually it evolved into North himself being made available.

Q But you don't recall -- just to press this one step further -- you don't recall any files being generated with different documents or new documents or whether you saw the same documents again in the course of responding in 1986 as opposed to the 1985?

A No. I know we went back and checked our previous correspondence with Congress and put together a notebook of previous correspondence, and I can't recall whether there are documents in there also. I would be surprised. They should have been kept separately.

But in the notebook we had an up-to-date list of our involvement in Congressional interest. That was used to prepare our staff for the meeting with the House Intelligence Committee.

Q Let me direct your attention to late October, early November of 1986. There comes a time when a Mr. -- and I'm giving you information you may or may not have, and I wanted to ask you whether you were aware of this -- there comes a time when Mr. Furmark speaks to Mr. Casey and then people on Casey's staff, Charlie Allen and George Cave, about the financing with regard to the Iranian shipments of weapons, and in late October one of the claims that Mr. Furmark makes is a claim that the reason his associates are not getting paid -- and I think he mentions Mr. Khashoggi -- were not getting paid is that the money has been diverted to Central America and diverted to the contras.

I believe there comes a time when Mr. Casey sends a memo over to Mr. Poindexter, Admiral Poindexter, indicating to Admiral Poindexter that this was a matter that he should be apprised of and something he should take action on, and the fact that he should consult with his legal staff about --

MR. MC GRATH: Do you have that memo or a date on that?

MR. EGGLESTON: I think the memo is dated November 7; I don't have it with me.

BY MR. EGGLESTON: (Resuming)

Q Were you aware of that?

A No.

Q You were not aware of that?

A No.

Q When is the first that you learned, if you ever learned, that Mr. Furmark had made these claims about the diversion of the proceeds of the Iranian initiative to the Central American contras?

A I don't think I heard anything about this until after December. In fact, I don't know where I did hear it. I think I heard it in the press.

Q But Admiral Poindexter around that time did not consult with you about these claims?

A No.

Q Did you have a deputy at this time in the Legal Counsel's office?

A Yes.

Q Who was that?

A Bob Pearson. Robert Pearson.

Q I take it he -- "he" meaning Admiral Poindexter -- did not to your knowledge consult with Mr. Pearson about this either?

A Not to my knowledge.

Q On or about November 12 of 1986, I believe you testified just generally to this before, there was a meeting which involved yourself, Mr. Poindexter, and Mr. Cooper. At that time you showed the January 17, 1986 Finding to Mr. Cooper. Do you recall that?

A Yes.

Q Where did that meeting take place?

A It was in Admiral Poindexter's office.

Q And are you the one who actually produced the Finding, the January 17 Finding?

A It was in an accordian folder, where it had been for nine months, which I believe was in my safe. But it may have been Admiral Poindexter's.

Q That is what I was going to ask you. Do you know whose safe it had been maintained in?

A Not precisely. There were only two possibilities. He has a two-drawer safe and I have a two-drawer safe in the immediate adjacent office. So I think at this time frame it was in my office.

Q Do you recall when it had come to be stored in your office as opposed to Admiral Poindexter's?

A No. It's impossible to tell. He sometimes would have it in his custody for weeks or months at a time if he was discussing it with folks; other times he would give it to me, if we were traveling somewhere, and I would maintain it.

Q How soon after January 17 were you aware of the Finding? Did you actually see the document itself?

MR. MC GRATH: This has been asked previously.

THE WITNESS: Yes, the following Monday, which I believe was the 20th, was when I was handed it by the Admiral, and I showed it to the representatives from the Agency.

BY MR. EGGLESTON: (Resuming)

Q That was an intro to my next question, which is, did you them maintain it immediately after that, or did you give it back to Admiral Poindexter?

A I think Admiral Poindexter kept it for the

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immediate future after that.

Q Are we talking about the blue ink version, the original signed version?

A Yes.

Q That was signed by the President?

A Yes.

Q And I may have asked you about this, but I would like to ask you again. The CIA has produced what they call a mini-Finding which was drafted by Stan Sporkin, General Counsel at the CIA, shortly after the November '85 shipment. Have you ever seen the document I have just described?

A No.

Q To your knowledge was it ever signed by the President?

A Not to my knowledge.

Q Did anybody ever tell you that it was signed by the President?

A No.

Q Have you seen -- I've not shown it to you because I did not bring it with me, but have you ever seen the document I'm referring to?

A No. There was an earlier Finding involving Iran from early January, but you're talking about yet a different Finding.

Q Yes. I'm talking about one that would have been

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drafted in late November or early December of 1985.

A No. That sounds like that Finding didn't go anywhere.

MR. MC GRATH: The Finding you are referring to is substantially different than the ones that Mr. Thompson saw in late January.

MR. EGGLESTON: It's a Finding that relates to the November '85 shipment and it's a ratification Finding, if you will. It's a Finding which in the last paragraph, since the events had already taken place, is a Finding which states in the last paragraph or maybe the last sentence that "this Finding ratifies the prior actions by the Central Intelligence Agency."

BY MR. EGGLESTON: (Resuming)

Q I take it that description of it doesn't bring anything to your mind, Mr. Thompson.

A No.

Q Okay. Let me direct your attention to November 19, which was the day of the President's press conference. Do you recall immediately after the press conference receiving a telephone call from Chuck Cooper?

A Yes, I think I did.

Q And what was discussed in that telephone conversation?

A I think we talked about the fact that the

President had not referred to the third country.

Q What did Mr. Cooper tell you about what the President had just said? This conversation would have been immediately after the press conference?

A Apparently so. I can't recall what he said.

Q Do you recall whether he was indicating to you that the President's statement that there had not been a third country involved was incorrect and that statement had to be changed?

A Yeah, it seems like that was it. But that would have been something that was remedied immediately. I can't recall much else. I know he was concerned. Yeah, he called me at home. I can't recall, however, the thrust of his call.

Q You were at home at the time?

A I believe I was.

Q Watching the press conference?

A Yeah. I may be confusing that with other calls I got from him. I received several calls from him during that period.

Q I want to ask you about some of them which take place, I think, with greater frequency on November 20, which would have been a Thursday. The 19th was on a Wednesday. You don't recall telling Mr. Cooper that you'll take care of it or you will correct or have corrected the President's misstatement about whether or not there was a third country involved?

A I may have. I was aware that there had been an additional press release immediately thereafter, so perhaps I assured him that it was being covered. I think it was released about something like 20 minutes later.

Q If this is the phone call you remember, after hearing from Mr. Cooper do you recall whether you took any steps to ensure that a corrected statement was being issued?

A No, I didn't. It was unnecessary. In fact, before the staff even came back from the residence they had already written and issued one on the way. So it was unnecessary.

Q How did you know that?

A I think it was on CNN. In fact, immediately they made a big issue out of the fact that this was an unprecedented way to end a press conference, by having an amendment.

Q You think you received this telephone call, though, from Mr. Cooper after the corrected response was issued on CNN?

A I can't recall.

Q Okay. Let me direct you to November 20. Now I don't have that much left. On November 20 there was a meeting in the afternoon in Admiral Poindexter's office. Did you attend that meeting?

A Um-hum. I did.

Q Do you recall who else was present?

A From my recollection it was --

MR. MC GRATH: I believe this has been previously asked and answered.

MR. EGGLESTON: If you would like him to look at it, you can.

THE WITNESS: I don't know whether this is accurate compared to the actual calendar, which would show precisely who was there.

BY MR. EGGLESTON: (Resuming)

Q What page are you on?

A Eighty-four.

(Pause.)

It seems to me that the meeting was attended by Poindexter, Meese, Casey, Cooper and I'm not sure whether Gates was there. I'm not sure whether any other staff were there. Obviously we could easily --

Q I just wanted your recollection, trying to set the stage of who was there. And you have previously testified, I take it, that the purpose of this meeting was to go over and prepare the testimony of Mr. Casey which was going to take place the following day before the Congressional oversight committees.

A Yes. The purpose was to review, to learn what

Casey was going to say, because at the same time that Casey was going to testify Poindexter was going to provide a briefing which was somewhat unusual, to have Congress receive both a confirmed member of the Administration and a person protected by Executive privilege to speak to them at the same time.

And it wasn't so important to have what Casey would say reflect what Poindexter was going to say, but vice versa. We wanted to make sure that Poindexter would be complementary to what Casey was going to say.

Q Do you recall whether Colonel North was at this meeting?

A I can't recall. I think he was. I believe he was, or he was in and out.

Q I think that you testified previously that at least one of the subjects at this meeting had do with the November '85 shipment and when the Administration officials or United States Government officials might have known about what was on the flights in the November '85 shipment.

A Um-hum.

Q Do you recall that that was one of the subjects?

A There was some discussion as to the degree of knowledge of the CIA as to the tasking or the request for the use of the proprietary airplane and the baggage to actually be transferred.

Q Do you recall whether Colonel North was present or participated in the conversation about when people may have known?

A I believe he was. He is the person apparently who actually forwarded the request to or inquired of the CIA as to the availability of the aircraft.

Q Do you recall anything specific that Colonel North said about Director Casey's testimony in this regard?

A No. I can't say specifically. As I recall, the concern was whether or not this was a CIA-inspired tasking or whether it had come from the White House or the use of wordage, the words that described this request. There was a difference of opinion between North and, I believe, CIA as to how best to depict this event, but I can't recall specifically how that was resolved.

Q Do you recall Colonel North offering an insertion or an amendment to Casey's testimony which would have the testimony read that no one in the United States Government knew that the planes contained weapons?

A That was pretty close to the line of discussion.

Q The original draft or the draft that had been reviewed as of that time said no one in the CIA knew, and Colonel North wanted to amend it to read no one in the United States Government knew?

A I can't specifically recall, but that was generally what the discussion was about, as to the choice of words. I can't recall why even now your example would solve the problem necessarily, because CIA clearly went ahead and facilitated the use of this aircraft.

Q Do you recall that there was -- was there a dispute about how it should read? Was there argument? I don't want to over-characterize it, but what was the level of discussion about what should happen?

A It had to do with -- it wasn't really a dispute or a disagreement, but just had to do with the best way of explaining the use of the CIA's assets for an event which at the time it appeared we should have had more knowledge or more information on. So it was a question of getting more information. I know that was my observation.

My role in this was to ensure that Poindexter was ready and briefed to make his presentation the next morning, so I was less concerned with what Casey was going to be saying than with what Poindexter was going to be saying. But I do recall that that was a complicated section. I believe it was the very first page of Casey's testimony, where he talked about the role of the CIA in supporting this shipment.

Q Do you recall whether Admiral Poindexter took a position or offered an opinion about whether the testimony should read nobody in the United States Government as opposed to nobody in the CIA knew about the cargo of the flights in

November of '85?

A I can't recall that Poindexter injected himself that much into this part of the discussion. It was primarily between North and CIA.

Q Do you have any recollection of whether or not he was supporting North or supporting CIA, what his recollection was of those events?

A No. At the time he was leaving it up to North. North had been charged with preparing the chronology and North had been clearly the person that had been in contact with CIA in November, and I think the Admiral was deferring to North's recollection of the event and leaving it up to North and CIA to try to resolve. I may not be fully aware of Poindexter's participation.

I know from my vantage point once again this was not something that Poindexter was going to have to discuss the next day.

Q That's what I was going to ask you. Was it your impression that he was going to have to give an explanation of when members of the NSC staff were aware that the flight was going to contain weapons as opposed to oil-drilling equipment or whatever the other story was?

A Yeah. I don't know how that part of the discussion was being conducted as far as what was on board. The greater interest -- and Cooper and I talked about this afterwards -- was why would North suddenly place a call to the CIA asking for an aircraft to be made available. That just did not appear to be very credible on its face without more context. So that it would be necessary -- a statement such as that is too simplistic. It raises more questions, and Poindexter did not appear to be in a position to be able to answer those additional questions.

That appeared to be North rather than Poindexter.

Q Had testimony been prepared for Casey for the following day as of the time of this meeting?

A Yes.

Q Do you recall whether that testimony said anything about --

A That's what we were reading from, his written testimony.

Q I know, and I have actually got several versions of the Casey testimony. What I was curious about, and maybe I misspoke myself, was whether or not the testimony had been prepared for Admiral Poindexter.

A No. I heard you say Casey.

Q I'm sorry, I probably did.

A No. Nothing was prepared for Poindexter except a summarized version of the chronology showing just the milestones was prepared.

Q And you don't think that that indicated whether or not anyone at the NSC staff knew as of the time these November flights were going whether or not those flights contained weapons as opposed to oil-drilling equipment or some other type of equipment?

A I can't recall what it said. I think it just showed the fact of the November shipment and I can't recall from the notes that I took whether or not this was an area which was gone into in detail the next day.

Q Let me ask you, as of the close of the meeting what was sort of the state of the record on how Mr. Casey's testimony would read on that issue? Was it going to read no one at the CIA knew or no one in the United States Government knew the true contents of the flights?

A I think that was still to be determined. North was supposed to do some more research or supposed to have further discussions with his counterparts in CIA. It was open-ended, as I recall.

Q After the meeting was over, where did you go?

A Well, I think I went back to my office for a while. There were a couple more meetings later that day.

Q Did you go to Mr. Wallison's office?

A Yes.

Q Was that immediately after this?

A I really can't recall that. I was asked that yesterday. I can't seem to fix the timing on that, because I know Armacost and Sofaer came over and met with Poindexter, and I sat in on that meeting. That went about an hour or so. But at some point either just before that or after that I found myself in Wallison's office with Cooper, and the three of us were out there for about 45 minutes or so.

Q I know I asked you about this before but I frankly have certain more knowledge about those events than I did before. You don't recall whether your meeting with Wallison and, I take it Cooper was also there in your meeting with Wallison; is that correct?

A I'm sorry. What was the last question?

Q What I wanted to ask you is, the meeting you had with Wallison, whether that meeting was before or after the meeting that you had with Admiral Poindexter.

A It was definitely after.

Q It was definitely after?

A Yes.

MR. MC GRATH: We're just referring to the long discussion?

THE WITNESS: Yes.

BY MR. EGGLESTON: (Resuming)

Q Let me just make sure we're clear. There's a long discussion that has got Meese, Casey, Poindexter, other people.

A That was about 1:00 that afternoon.

Q That was about 1:00?

A Um-hum.

Q And then you have described two other meetings, two other places. You think you were at a meeting with Poindexter, Sofaer and Armacost, and a meeting with at least you and Wallison.

A Yeah.

Q As to those two meetings, do you have any recollection of which came first and which came second?

A No. I would guess that the meeting with Armacost and Sofaer came first. The reason I guess that is because Sofaer would have returned to the State Department and perhaps had a discussion with Armacost and perhaps Shultz, because when I was meeting with Cooper and Wallison, Sofaer called Wallison and at that point he seemed to be armed with additional information which he would have received from the Poindexter meeting.

He would have gone back, compared notes with what Shultz' account was, which apparently showed more interaction with McFarlane during the fall of '85. This created the scenario or the background for a considerable number of phone calls throughout the evening among Cooper, me, Poindexter and, apparently, the CIA testimony writers to try to reconcile the recollection of these various people.

It appeared that Sofaer's contribution was to offer the fact that Shultz had been more aware of the November shipments than we thought anyone was aware of. He apparently had a number of discussions with McFarlane.

Q And he was actually aware of the contents, that it was weapons?

A Apparently so.

Q As opposed to non-weapon material?

A Apparently so. That was an additional factor that was new, certainly to me. I don't know who else it was new to, but we then throughout that evening had a series of phone calls in which we decided that the CIA testimony needed to be modified to reflect that information.

Q I take it it was modified back to the CIA didn't know without commenting that other officials of the United States Government did know.

A I don't know how that was done. Cooper was with the CIA folks at the Department of Justice. I never did in fact see the final CIA testimony. And, as I recall, the next morning Poindexter briefed the Intelligence Committees on the contents of the shipment.

Q And told them that it was --

A I believe that was the case. I could look it up.

Q Do you recall whether that afternoon or evening you called either Colonel North or Mr. McFarlane after hearing from Sofaer to determine whether or not they continued to believe -- what their position was on this issue after hearing that McFarlane had told Shultz before the shipment that it was weapons?

A When I was with Wallison and Cooper I tried to call North. I don't think I got to him. Perhaps I did; I can't recall. The three of us decided that we needed more information and we called North. We were going to have him come over and meet with us. I can't recall what happened. I don't think he came, and I can't recall the contents of that discussion.

But I then went down and told Poindexter it was important that we talk to McFarlane to find out his recollection of what Shultz had told him, and, as I recall, later that evening Poindexter did talk to McFarlane. I believe he did. McFarlane was traveling at the time and unavailable.

Q Did Poindexter tell you the results of his conversation with McFarlane?

A No. I didn't talk to him again. I talked to him, I think, once that night, and at that point he still hadn't reached McFarlane. After that, I don't think he told me.

Q Let me just sort of -- on Colonel North, do you think on the evening or afternoon of the 20th you ever discussed with him, after hearing from Sofaer his information about what Shultz knew, do you think you confronted him with this difference in story?

A The two names again?

Q I'm sorry. It was not a very artful question. Let me ask it again.

As I understand it, your testimony was when you were with Mr. Cooper in Mr. Wallison's office you learned from Mr. Sofaer that Shultz had a specific recollection of knowing prior to the shipment that it was HAWKs and that he had learned that from McFarlane. You indicated then that you had tried to get in touch with North.

My question is, do you recall whether you ever did get in touch with North and discuss this issue with him?

A No, no. I think that was my last attempt at communication with North, was that evening from Wallison's office.

Q And you don't think you ever got in touch with North?

A I don't recall at all, no.

Q And on McFarlane you never personally spoke to McFarlane that afternoon or evening?

A No, never.

Q You think that Admiral Poindexter might have?

A He was certainly intending to. And I don't think I found out whether he did or not, because the very next morning we started in at 7:30 briefing Congress.

Q So as of the time, I guess as of the time that you went to bed on Thursday night did you not really know which way this issue had come down?

A That's right. It was not -- I mean, it was going to be something that was to be resolved between Cooper and CIA, so I don't think I really knew until the next morning, and I'd have to look at my notes to see what Poindexter said. And I don't know what Casey told the Hill.

Q I probably have those notes. That's probably not what you were hoping to hear.

A Actually, I have them.

Q You do? You have the spiral notebook at the top?

A Yeah.

Q Why don't you mark this as PT 9?

(The document referred to was marked PT Exhibit Number 9 for identification.)

A Around page 1450 or so.

Q The version I have doesn't have page numbers on it.

A Well, we're not far from the end anyway.

Q I see a reference to it at the very end of his HPSCI testimony.

A That's where I just deduced it must be.

Q It's the only place. Maybe it would be easier for you to look at this one. This was provided to us. It's actually out of the original. It's FBI number T-3.

A There was one other shipment of which we did not approve, that is to say the President did not approve, November 18. HAWKs from Israel to Iran. Yes, he told the contents. I learned about it in January, reversed in February. Yesterday there may have been some prior U.S. Government knowledge.

I don't know what that means. So he did refer anyway to the contents.

Q But this note indicates that what he told the House Committee was that he was not aware as of the date of the shipment that it contained weapons but he learned of it in January of '86 and the shipment was reversed in February of '86.

A Yeah. Those HAWKs were in fact returned from Iran to Israel. It appears that Poindexter said he learned about the entire transaction in January, not before.

Q Does this "yesterday" indicate to you or do you recall him saying that he had learned only the previous day that the United States Government, some people in the United States Government, may have had prior knowledge that it was weapons?

A I don't know. I have three question marks by that myself.

Q What is the word under "yesterday"? "Knowledge"?

A There may have been some prior U.S. Government knowledge. He must be referring to the fact that it was learned yesterday that there was prior U.S. Government knowledge -- Shultz, McFarlane.

Q But his testimony was that he did not know of it.

MR. MC GRATH: Do you want to just mark that one page 9?

BY MR. EGGLESTON: (Resuming)

Q I actually marked the whole thing 9.

A This was a briefing. It wasn't testimony. I don't know what Casey's actual testimony said.

Q Let me figure out a way to identify this so that the record is clear. What I've done is marked this entire exhibit as PT Exhibit 9. It has the FBI number T-3 on it, and this is the last page of Mr. Thompson's notes out of the testimony by Mr. Poindexter before the HPSCI. The next page is titled 11/21/86, and at the top right it says Durenberger-Leahy, McMahon and Newsome. So it's the last page before what appears to be Mr. Thompson's notes on the SSCI testimony.

So at least as of then -- I take it, as I recall, this was quite early in the morning.

A It was around 8:00 on that Friday.

Q On the Friday?

A Um-hum.

Q So at least as of that time Admiral Poindexter was testifying that he at least did not have any prior knowledge that the flights had contained weapons and that he had not learned about it until January of '86?

MR. MC GRATH: Just as a point of correction, I don't believe Poindexter was testifying.

BY MR. EGGLESTON: (Resuming)

Q Briefing the Committee. I think my recollection is it was not under oath, although I don't know.

Do you recall, prompting your memory, do you recall telling Mr. Cooper in the late afternoon or evening of November 20 that North and McFarlane stuck to their story about whether or not the United States Government knew, anyone in the United States Government knew that the November flights contained weapons prior to the time they had been shipped?

A That North and Poindexter stuck to their story?

Q I'm sorry, North and McFarlane stuck to their story.

A That there was no --

Q That there was no prior United States Government knowledge.

A That I would have told Mr. Cooper on November 20?

Q Right, and that Cooper responded to you they can't

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stick with that story because the State Department has notes?

A I don't recall that, but that was clearly the main point about which Cooper and I were talking during that time frame. I never did talk to McFarlane, so I would have heard from someone else about McFarlane's position on this. I can't recall discussing with North his views, but it's entirely possible that Cooper and I talked about it and the fact that so far, to the best that we could find out, that was the result of our research.

Q Did Sofaer tell you or tell Cooper, who told you, that if Casey went with the story that no one in the United States Government knew that he would resign or there would be resignations over that issue?

A No.

Q Do you recall any discussion of people resigning if Casey would have testified that no one in the United States Government knew?

A No. I don't think the word "resignation" was ever used in a conversation I had with Cooper. I never did talk to Sofaer.

Q You never had any direct conversation with Sofaer?

A No.

Q I guess except for the meeting with Armacost, but that was before Sofaer had learned about the notes at the State Department.

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A Yes. Sofaer brought in the whole Shultz aspect of this thing. We were not aware of that before.

Q I'm almost done.

MR. MC GRATH: Famous last words.

MR. EGGLESTON: No, I've been pretty good.

BY MR. EGGLESTON: (Resuming)

Q On November 22 -- we have asked various people about this and I just want your best recollection about how it was that Reynolds and Richardson got into the Ollie North suite. Where did you meet them in morning just mechanically -- nothing really more than mechanically. Where were people? Where did they meet? Where did they go? Where did they end up?

MR. MC GRATH: You may want to refresh your recollection from previous testimony. I know this was at least touched on.

BY MR. EGGLESTON: (Resuming)

Q It was definitely touched on, and if you want to look at it you can. It looks like it's on the top of page 91.

A This is where Cooper called me Saturday morning?

Q Right. I guess that's at the bottom of page 90.

A Cooper called me Saturday morning, I recall, around 10:30 or so and informed me that he was going to send over Brad Reynolds and John Richardson and asked me would I get them cleared in and also get them parking, which I did.

I also called North's office and at the time I didn't get any answer at all, but shortly thereafter Bob Earl showed up. I met Reynolds and Richardson in the West Wing and personally escorted them to Suite 302 in the Old Executive Office Building.

Q Let me stop you for a second. So your recollection is that you met both of them in the West Wing and took them both together over to North's office?

A That's correct.

Q Okay.

A We went inside and there was Bob Earl, who was the only member there of the staff directorate, and he introduced himself and the three of them set about reviewing files, which he was making available to them.

Q Just one other question. I only have a couple other questions on this. As of the time that -- I take it that you entered the office with Richardson and Reynolds. As of the time that you entered, are there files already out on North's conference table?

A I don't recall any.

Q Do you recall how the files were selected for Richardson and Reynolds to review?

A No. I think we thought, or they thought the most orderly way would be to review the chronology files going back to the beginning of this initiative, so I think what Earl did was make available to them the accordian files starting out with the first ones in chronological order.

Q Do you recall -- and I know these are very detailed questions -- so it's your best recollection they weren't sitting out anywhere waiting for Richardson and Reynolds?

A No.

Q Did you see Earl actually get the records, get the documents or files for the two of them to review?

A No, I don't. I think I left right away. When I came back later the table was strewn with accordian files. At the time, they were just getting organized. I think I left pretty fast. I was just helping them get there.

Q Did you also cause Mr. McFarlane's records to be searched that morning for any relevant documents?

A I believe so. There was a search done that day by Brenda Reiger or under her auspices of, I believe, both McFarlane's and Fortier's files, but I've been asked a lot about that first search and I don't have very good recollection.

Q Did you ask Brenda to search McFarlane's and Fortier's files?

A I would have. That was the only way they could be searched. She wouldn't have custody of them.

Q And she wouldn't have done that on her own; the request would have had to come from you?

A Yes.

Q And if Richardson and Reynolds would have asked her to do it, she wouldn't have done it? Having met her, I have the impression she would not have done it.

A Yes.

Q Did she produce any documents in response to your requestion?

A I can't recall.

Q She has -- and I'm just telling you this to refresh your recollection; it may not -- she has a recollection of producing some files, two or three files, of documents to you and that sometime later she got them back. Do you recollect receiving any from her? I think she didn't describe very many, but some amount.

A Yes. I think there might have been a couple of files from either McFarlane or Fortier from this time period.

Q Did you give them to Richardson and Reynolds?

A No, I don't think I did. I think I looked through them myself. I don't think -- you know, I really can't recall. I may have taken them over there.

Q Did you know what it was they were looking for?

A No, not specifically. I think they were trying, as I think I said before, to substantiate aspects of the chronology and depiction of events which had been recorded to date.

Q I guess what I'm asking is, you had indicated that you might have just looked through them yourself and not given them to them. I just was curious how you knew that they were not interested in seeing these files themselves.

A Well, they would have been files pertaining to the Finding or the initiative to open up this particular channel with Iran, so it was easy to look at the file and determine whether or not they were relevant.

Q So it's your recollection you looked at the files and they didn't have anything to do with the Iran initiative at all?

A That's right.

Q Do you recall seeing Colonel North around noon on Saturday the 22nd?

A Yes.

Q Where did you see him?

A He was in his office.

Q And as of the time that you saw him, around noon or, I should say, around lunchtime, were Richardson and Reynolds there?

A Yes.

Q Did they leave shortly?

A Yeah, they went out to lunch some time midafternoon or so. I can't recall whether they were there when North was there or not. It could be they were not.

Q Again I'm asking sort of a detailed recollection. Did you go somewhere with Colonel North?

A No, I don't think so.

Q Do you remember walking out of his office with him over to the West Wing?

A I can't recall it.

Q Okay.

A I know I was in his office and he said something like these folks wanted to see files, so here are files, or words to that effect. I can't recall. The only other contact I had with North was a phone call to him later that day.

Q How did you happen to be in his office around lunch hour?

A I can't recall that either, unless I was just stopping by to see what was going on. We had some problems in manning that office for the whole day because it turned out that the Justice lawyers wanted to stay a little longer than we had thought they would, so it was necessary to have some staff with them at all times. So I think I may have been checking into that. I don't know.

Q Okay. But you don't recall walking over to the West Wing or walking anywhere with Colonel North as of the time you saw him?

A I don't recall that.

Q You don't recall seeing him with a stack of documents under his arm leaving his office?

A No.

Q I may have asked you about this before, but if I did I have forgotten. Let me just ask you about it again. That is you said you had a telephone conversation with Colonel North later that afternoon.

A Um-hum.

Q What was discussed?

A Cooper called me and wanted to arrange an appointment with North on Sunday.

Q So you called and set up the appointment, okay.

There comes a time when you receive a stack of documents from Brendan Sullivan; is that correct?

A That's correct.

Q Were they delivered to you?

A No. I went up and got them.

Q Did you have a conversation with Mr. Sullivan about them when you got them?

A About the documents?

Q Um-hum.

A Not really. They were in a sealed envelope and he informed me that he had inventoried them and that his client, North, desired to return them to the custody of the United States Government.

Q The last thing I want to ask you about is where sort of various documents were as of the time that sort of the document investigation began around November 25.

As of November 25 who has got the January 17 Finding?

A I can't recall. We had made the decision as an institution some time in November to promulgate the Finding. We had requested, Poindexter had requested through me that it be sent out through the [redacted] channel and I had relayed that request to our intelligence directorate, to Brian Merchant and to Vince Cannistraro. I believe they came back to me and said they needed the original in order to do that, and I can't recall at what point I gave them the original.

Q You think, though, that as of November 25 you had already given up the original of the January 17 Finding?

A I believe I had, yes.

Q Did there come a time on #1 the 25th when Mr. Poindexter, Admiral Poindexter, gave you documents to store for him?

A Yes. He gave me a number of documents, I believe a cover memo to the Finding, and a couple other documents which he left with me because he was effectively leaving that day.

Q I'm sure you've seen this. Let's have this marked PT Exhibit 10.

(The document referred to was marked PT Exhibit Number 10 for identification.)

It has got some writing on it which was probably not on there at the time. Was this one of the documents that he gave you, if you know?

A I can't tell. I assume it is. It appears to be talking points.

Q Have you seen this document before?

A I don't really recognize this. I can't recognize it. I don't think I've seen it. The terms of reference I recall that appear to be appended to it.

Q I believe this is the document that Messrs. Cooper and Richardson found, a copy of the document that they found in Colonel North's files that started all the action.

A I don't recall this document.

Q You don't recall, then, whether that is one of the documents that Admiral Poindexter provided to you?

A No.

Q Did you look through the documents that he gave you to hold on the 25th?

A No.

Q I take it then there came a time when Brenda

Reiger came to get them from you?

A Actually, the FBI came and I gave them all direct to the FBI.

Q And you had not looked at them?

A No.

Q Did you have any other documents relating to the Iran initiative in your safe?

A Yes. I did. I had some legal memos, one written by Davis Robinson, which had been an underlying justification for proceeding under the National Security Act, and I think I had a couple of memos which had been sent to us from the Intelligence Oversight Board. I believe I had a copy of the chronology, items that I'd gathered in November of '86 to assist in trying to sort out this matter.

Q Let me just ask you a few more questions about PT 10. I take it, then, that you do not recall having seen this document in or about the spring of 1986?

A No.

Q And you don't recall having seen this document with a cover memo attached to it. You just haven't seen this document ever?

A No. I don't think I've seen that before just now.

Q Do you recall whether in late 1985 or early 1986 you ever saw a document which made reference to diversion of proceeds of the Iran transactions to Central America?

A I don't recall having seen such.

Q You don't recall, and I take it if you had seen such a document you think there's a fairly high likelihood that you would recall having seen it?

A I would think so, certainly with the words "diversion" contained therein.

MR. EGGLESTON: I don't have anything more. Thank you vary much. I appreciate it. Actually, just give me one second to go through my notes and make sure. I'd hate to have you come back again.

MR. MC GRATH: One thing I would like to say on the record is that this was a classified hearing and all matters should be treated at the Top Secret, I presume Codeword, level.

MR. EGGLESTON: Thank you. Thank you for coming down.

(Whereupon, at 12:45 p.m., the taking of the instant deposition ceased.)

____

SIGNATURE OF THE WITNESS

Subscribed and sworn to before me this ______ day of

____________________________, 1987.

____

NOTARY PUBLIC

My Commission Expires: ____________________________

CERTIFICATE OF REPORTER

I, Michal Ann Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

NOTARY PUBLIC

My Commission expires February 28, 1990

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF COMMANDER PAUL
THOMPSON

Friday, July 24, 1987

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran
Washington, D.C.

The committee met, pursuant to call, at 1:30 p.m., in room 2203, Rayburn House Office Building, with Ken Ballen, (Staff Counsel, House Select Committee) presiding.

Present: Ken Ballen, Staff Counsel, George Van Cleve, Chief Minority Counsel, Jack Taylor, Investigator; Richard H. Giza, Subcommittee on Evaluation, Permanent Select Committee on Intelligence.

Also Present: Timothy Dayton Keating, Captain, Judge Advocate General's Corps, United States Navy.

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Captain Keating. Counsel understand that the reporter is a notary public in the State of Maryland, and knows no objection to this reporter administering the oath for purposes of this deposition, and has no objection to the form of the oath.

(Witness sworn)

BY MR. BALLEN:

Q Commander, you have been deposed before on two prior occasions, and I will endeavor not to go into areas too much that were gone into before. We may touch upon them, but we are not going to go into them in any extent. I hope to get you out of here at a reasonable hour.

In your earlier deposition you testified that in the summer of 1985 in response to congressional inquiries about Colonel North's support for the contras, you collected certain documents from Mr. McFarland and reviewed the documents and spoke to Colonel North about them, is that correct?

A Yes.

Q From the documents you were generally aware that North was involved in support for the contras. Would that be a correct statement?

A I was certainly aware that he was familiar with many aspects of the contra movement.

Q Without getting into details, what was your

your understanding, based upon those documents, and other knowledge you had at that time, of Colonel North's role in supporting the contras?

A I had no independent knowledge at all.

Q When you say independent, what do you mean by independent?

A Independent of conversation I had with North and my review of the documents. And when I looked at the documents, it seemed to suggest that perhaps the documents themselves didn't tell an accurate story or that North himself, if he was in effect doing what was reflected in the documents, was perhaps not aware of the constraints of the legislative activities such as the Boland Amendment.

These particular documents come through our normal NSC system. They have been introduced not as a normal classified system for a document would be, but they have just been put into the general secretariat files and sent through. They have been initialed off by our general counsel at the time, and had gone up through the Deputy National Security Advisor to Mr. McFarland. So on the face of them, they are very contradictory.

They did not seem to suggest any sort of particularly protected activity, and also many of them had markings on them that were ambiguous. Very few had actually been approved. They possibly had margin type notations. It was a rather confused paper trail that was presented to me, and I then presented that in turn to Mr. McFarland, who took it from there as far as deciding what he wanted to do in responding to the congressional request.

Q Did you discuss the documents with Mr. McFarland?

A Yes. I had a number of occasions to talk to him about this particular request from Congress, and of course, the request for documents is really just one part of the congressional request. The real request from the Congress was "please tell us about newspaper reports we have seen dealing with the activities of North," and that can be done in many ways.

It can be done by a meeting with the members. It can be done by a letter. It can be done by sharing documents, and we normally work out through a long series of discussions with staff and members of the committee how we are going to go about doing that.

In this case, I had that discussion with Mr. McFarland, explained to him that these documents on the face of them were contradictory, and that they needed his personal attention, and that he probably should endeavor to talk to the members themselves on the Hill, that his ability to depose documents -- that is, turn them over to Congress -- was subject to certain restrictions as Executive privilege in certain cases, depending on the types of documehts.

Q If I understood you correctly earlier, you said that the documents may have revealed that Colonel North was not aware of some of the legislative restrictions such as a Boland. What led you to that conclusion, upon reviewing the documents?

A Well, it depends on how you interpret the documents. They could be interpreted as ones in which North was a recipient of affirmative intelligence information, and was reporting on the status of things. Or they could be interpreted as ones in which North was more actively participating, and that would require further discussion with North.

Q Did you discuss that with North at the time?

A I had one discussion with North, and as I think I have stated before, I discussed with him the aspects of concern that I believe were communicated by the committee. If not, they were certainly ones that were of concern. Perhaps they were in the press report, but they had to do with the rendering of tactical military advice, and they had to do with the solicitation of funds. And I discussed both of those aspects of it with North.

Q What did North tell you?

A North was quite emphatic about the fact that he was not engaged in either of those activities. We discussed at some depth his speaking engagements. He assured me that even though he spoke frequently to a wide range of groups, many right there in the White House, that he restricted his presentations to providing facts and Administration policy.

We even talked about I believe some sort of address in Valley Forge or something, where money could be sent away if people wanted to make contributions, but he was quite emphatic about saying that no, he wasn't doing it, but he was aware of the fact that he wasn't supposed to be doing it.

Q The same with respect to tactical military advice?

A On that side I was aware he had made several trips down there, which I think I have also stated, and I wanted to know the purpose of the trips and who was paying for the trips, and I believe he told me most of them were either in conjunction with State or Kissinger type trips, or Shauderman, or they were interagency sanctioned trips.

North was very close to Admiral Moreau, and to the general officer who was in charge of SOUTHCOM in Panama, so we discussed the trips and he told me that in no way did they border on tactical military advice.

Q Did you discuss with him any of the specific documents or not?

A No. The documents were brought to me by our Director of Information Policy, Brenda Reger, who had produced them in a normal agency search, as is always the

the case when you have a request for documents.

I then noticed, as I have said, they were ambiguous in many respects, but they also contained certain other protections, which are relevant, and I immediately gave them to McFarland in accordian files and he kept them.

Q Did McFarland express his view on the documents to you or not?

A He spent a fair amount of time looking them over and I know he talked to North about them. My conversation with him --

Q How do you know that?

A Well, Colonel North had appointments, and a couple of times we would remind him that he had a congressional response due. We try to be as responsive as we can to Congressional letters, and so we wanted to answer it.

He would retrieve from his desk, from his file -- the accordian files, and read through the documents, and then right around that time would ask to speak to North, so I would assume that is the purpose of it.

Q Did Mr. McFarland express his view that the documents were troubling to him?

A He asked me in depth as to the status and characterization of the documents. We had the typical conversation between the head of the agency and counsel of an agency, as to when a document achieves a permanent status, when it can be modified, when it can be changed to reflect differences of facts or views. So we did have that sort of in-depth conversation.

In fact, I went so far as to offer him a briefing by Brenda Regar on that subject.

Q What did you advise him? Did he indicate his view that he wanted the documents modified or altered?

A No, he didn't. I inferred that the reason he was asking the question, because he felt they didn't perhaps reflect what he wanted them to say. They weren't accurate as far as what was really transpiring, but my advice was rather emphatic that he could not remove those particular files from the permanent records of the system. That they had in fact achieved a status of permanency.

Q Why was that?

A Why did I reach that conclusion?

Q Yes, or how did they achieve that status?

A Well, they had been drafted by a member of the staff in an official capacity, and basically neglected, sent forward to someone who was in a different office in the chain of commend, who had received them. So I think they had achieved that status.

If North had just typed them and then ripped them up at the end of the day, I don't think they would have, but the fact that they were neglected like that --

Q How did that affect --

A I explained to him he could either add on or redo them, which is a frequent way we modify documents all the time, but that the originals would have to retain their status.

Q In other words, you told him he could modify the documents but the original documents had to stay in the system?

A That is correct.

Q How did he respond when you told him that?

A He really just thanked me for the presentation. I then went back to my office and called Brenda Reger to confirm what I had told him was precisely our position and policy, and did her interpretation agree with mine, and she said that it did.

Q Let me ask you, do you recall nay of the documents, one concerning the Manimbo, is that correct?

A The ship?

Q Yes, the ship. I don't want to go over this in detail. You did go over this before.

A The reason I remember that one is because it had handwriting on the bottom of it. When I was shown these documents a year and a half later, I could not say for certainty that I had seen any of them with one exception of that one, because that one had handwriting on it, And I wanted to advise Admiral Poindexter, which I did, that a document with his handwriting notation on it was most likely going to be shown to a member of Congress.

Q We have that -- the missing pages. We can take a break at that point and just finish this line of questioning.

A We had, as you know, progressed in our treatment of this particular congressional request to the point that McFarland had met in person with both the House and the Senate committees, and those committees appeared to be satisfied and did no longer press for actual documents.

However, Congressman Barnes, in a separate endeavor altogether, did come back and ask for documents, and eventually by I think some time at the end of September, we had reached an accord with him and staff that he would be given the opportunity to review the documents, and at that point, I told Admiral Poindexter that a document with his handwriting on it was probably going to be shown to a member of Congress.

That is why I recalled that document a year and a half later.

Q How did Admiral Poindexter respond to that?

A He said he had no problems if we wanted to show it to him.

Q Let me ask you this. Did Mr. McFarland ever have any discussions with you about the applicability of the Boland Amendment to the NSC staff?

A That was one aspect of the letters which we

A That was one aspect of the letter which we originally got in, and we did have a discussion on that. We had prepared within our staff, also in August, I should point out, when we received this letter, we reviewed our files to see what we had internally on the Boland Amendment, and we discovered that we had very little, and our Deputy General Counsel, Bob Pearson, asked our legal intern of that particular summer to draft a short memo going into the legislative history of the Boland Amendment, and find out what sort of relevance it would have to the NSC staff.

Then I received that document when I came back from my trip in August, and I gave that, along with a copy of the actual language of the Boland Amendment and a copy of these 20 or so documents to Mr. McFarlane, so he had all three of those there. And we did have a discussion -- I had a discussion -- with him right around this time frame as to whether or not the NSC staff could conceivably violate the Boland Amendment by virtue of the fact that we have such a limited budget and we have no funds available for anything other than what they are appropriated for, which is primarily to pay the rent and the electricity.

But that became a moot point in our conversation because he had made the determination that the NSC staff had not violated the Boland Amendment, so we never debated it or we never advocated pros or cons to that point.

I think we determined that we probably would not be subject to it under the strict definition of an intelligence agency, but we clearly had several arguments as to its relevance to members of the staff, and depending on what capacity they were acting in. You have to actually follow the money and follow the documents to determine whether or not we are talking BNSC, National Security Council staff money, we are talking National Security Council staff documents.

But the argument became moot when he determined that no one on the staff had violated the Boland Amendment, and that ended up to be the gist of his answer back to Congress, which he accompanied with a personal appearance.

Q Did you have any subsequent discussions with Admiral Poindexter about the applicability of the Boland proscription to the NSC staff?

A Not really. That was I believe the end of discussions on Boland for that time period.

Barnes showed up.

Q How about subsequent time during your tenure at NSC?

A The next time it became an issue in responding to Congress in which I was brought in, was the following spring, and no, I did not have discussions with the Admiral at that point. I saw the solution to congressional concerns with

North's behavior to be making North available to the committee and that was what I recommended be done. I had actually thought it wise to have North made available the preceding year, but Mr. McFarlane insisited that he go alone.

Q Let me ask you this. After presenting the documents back to the summer of 1985, August of 1985, did there come a time when you met with Bretton Sciaroni?

A Yes.

Q Do you want to refer to your prior deposition?

A I have been asked to answer these same questions. In fact, Sciaroni's name is spelled wrong in the last deposition, too.

Q I had some specific questions and we will move through this quickly. I know you have been asked about these matters. What I wanted to specifically ask you -- let me ask you this, let me ask you the general question, and you can answer it and then I will ask you the specific question.

What did you inform Sciaroni of during the meeting?

A I really think the best thing to do is to paraphrase what I said before.

Q Fine, if that is what you want to do.

A Which is very accurate, and I don't have -- that particular meeting did not make the greatest impression on me. I have rare contact with Bretton Sciaroni, and that is the only time I can even recall that he came by and asked about activities of the members of the NSC staff. Normally, he spent his time looking at the intelligence community, but we did have a general discussion on whether or not the Boland Amendment and other restrictions would apply to members of the NSC staff.

I recall a discussion of that nature. I told them that that was coincidentally a point of interest to us at the time, because we had received congressional inquiries. We discussed the fact that the Boland Amendment specifically addressed the CIA, Department of Defense, and other intelligence agencies, and I told him that we at NSC Staff had already determined that the NSC Staff was not an intelligence agency under that definition.

But the real message I left him with was that Mr. McFarlane had already represented to the members of Congress that whether or not we were subject to the Boland Amendment, we considered ourselves subject to it, or words to that effect. The reason being that Mr. McFarlane had already made the determination that we had not violated the Boland Amendment, so it was almost a moot argument to make.

Sciaroni never did tell me that he was planning to do a formal paper on the matter. I wasn't aware that he had been asked to do that by anybody, and I never did see the production of what he had done.

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[illegible] several specific questions,

Commander. Did you tell Bretton Sciaroni that Colonel North was simply providing moral encouragement and working towards a political solution with the contras?

A I don't recall that specific phrase. I would have perhaps shared with him, if in fact he came after I talked to North, I would have shared with him the fruits of my conversation with North, that North was maintaining intelligence and informational contact of a diplomatic nature with the contras, but that from my conversations, I had come away with the impression that he was not providing tactical military advice or soliciting.

Q Let me ask you this question. Did you tell him that North's knowledge of military activity within Nicaragua was solely attributed to reports received by the NSC from the CIA?

A Once again, I don't recall providing him with that precise statement. I could have, however, and I can see that I would have based it, once again, on my impression that many of North's inputs were based on either CIA or DOD or other SOUTHCOM input that he was receiving, and I was aware that he was receiving that.

Q But the question I have, you have stated it, but solely attributable to reports that his knowledge of military activity solely was attributable to reports from the CIA. That he received --

A I would be surprised if I used that precise a term.

Q Was that your knowledge of North's activity at the time?

A No.

Q That he was getting intelligence solely from the --

A Not at all. North was a very active member of an inter-agency group, restricted inter-agency group. He was our representative on the Kissinger Committee. North had these tentacles receiving information.

I would be surprised if it was limited to that precise a response to Sciaroni.

Q Did you know whether he received information from traveling down to Central America and receiving reports directly from the contras?

A I don't recall the specific process. I knew that North had frequent meetings with the Contras. We had the contra leaders right there in my office a few months before that. That seems almost inconceivable that North would rely solely on the CIA for his input.

Q Let me ask you this question. Did you hear any of Colonel North's testimony before the committee?

A I heard some.

Q Does it surprise you now as to the extent of his activities with respect to supporting the contras? Were you aware of the kinds of activities he was doing there?

A Not all. The private channel part was a surprise to me. I was not aware of all of that.

Q How about the resupply operations?

A I include that in the private initiative. I am not aware that was a government resupply, U.S. Government resupply.

Q You weren't aware of that at the time is what you are saying?

A Right.

Q You were at the NSC?

A I am not even aware now that it was. I guess I would be surprised, but I still don't know whether North was aware of it to the degree that he was a major participant or whether he was receiving reports constantly from the contra leaders in the private section. I didn't watch enough of the testimony.

Q You didn't have any knowledge of those activities?

A None whatsoever, no. But I must stay that I was well aware, I had been to Central America with North, and with McFarlane and with the Inter-Agency Group, and as I had been many other places with many efficient staff members, and it would not surprise me that North would be very well connected and very capable in dealing with those things.

(Off the record)

BY MR. VAN CLEVE:

Q Commander, I believe in an earlier deposition you testified that you generally did attend the senior staff meetings that were held either at 7 or 7:30 in the morning with the National Security advisors?

A That is correct.

Q And I take it that would have been true under both Mr. McFarlane and Admiral Poindexter, is that correct?

A That is correct.

Q Did you ever hear Mr. McFarlane give instructions to the NSC staff that they were to not involved themselves in soliciting funds for the contras?

A I can't say specifically that I did. I think a number of people took notes during that time frame, and you might possibly find other people on the staff that would have heard him say that, but I personally can't say that I did. You know, as I think I have said before, the passage of the coninuing resolution, which contained the Intelligence Authorization bill, which in turn contained the Boland restrictions, was not a surprise to anybody on the NSC staff. We had spent the preceding several days and hours right up until passage lobbying against that particular provision, and so, as is always the case, when a major when a major legislative initiative has finally reached a vote on the floor, the next morning at the staff meeting and for several days thereafter, whether we won or lost it is a subject of a lot of fallout discussion, and even if you are working Southeast Asia, you know a lot more about the Boland Amendment than you ever want to know about it, so I would be very surprised -- in fact it is almost impossible -- for something like this initiative in particular, because that was one of the President's primary initiatives during that time frame, when it failed in the fall of '84, for the next several days not everyone exhausted it at those meetings, but they were well aware that it had passed.

Q I understand that they were generally aware of the provisions of the Boland Amendment, but I am asking this question so you know, because Mr. McFarlane, and I am paraphrasing slightly, testified before the committee that he had repeatedly instructed the NSC Staff that they were not to engage in, I think his words were soliciting, brokering constributions to the contras, and I simply was asking whether or not you personally ever heard him give those instructions to anyone on the NSC staff?

A I cannot say with certainty no, but it would not surprise me if he did.

He wrote also these couple of letters -- I think at least two -- which were letters that the content of which would have been familiar to a number of people.

Q Did you ever get asked for legal advice by Mr. McFarlane about this question of solicitation either of third countries or private individuals?

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A No, I did not, no.

Q Do you recall any discussion in the NSC senior staff meetings of raising funds from third countries.

A No. Once again I have no specific recollection.

Q Similarly, are you aware of any memoranda or guidance papers with respect to the Boland Amendment that Mr. McFarlane or Admiral Poindexter may have issued to the staff saying these things are permitted; these things are not?

A No, I don't. That is the thing I was looking for myself. In August when we received these letters, because the amendment had already been in effect for about 10 months or so, and we went back and looked in the file of my predecessor, and in the file of the legislative affairs folks, and we also looked in our general files to find out whether there had been any writing on this subject, and I think the fact that it was virtually -- it was fiscally impossible for the NSC with the -- fund it had to violate the Boland Amendment.

I think a lot of people assumed that it was just not doable.

Q I follow what you are saying.

A The real people I would suggest, though, can answer this question are the legislative affairs people on our staff.

Q I follow what you are saying. I believe we have in fact talked to them, but since you functioned as one of the attorneys for the NSC at the time, I wanted to make sure on this.

I have just a couple of additional questions. I take it that you were describing Mr. McFarlane's thought process in terms of his response to the queries of Congress, and you said that the question of the applicability of the Boland Amendment to the NSC became moot because Mr. McFarlane determined there had not been any violation.

If I understand you correctly, what you are basically saying is that he knew he could put that kind of a statement in there at no cost to him.

In other words, he could avoid a potential controversy with the people on Capital Hill, because he didn't think his staff was doing anything that would have violated the amendment in the first place.

A I think he generally concluded that when he completed his investigation into the request. I think his meeting with the members coupled with his letters, was an accurate representation by him at that time. I understand he said that on the record up here a couple of times, in his analysis that no member of the NSC staff violated the Boland Amendment.

Have you read the letter he sent to Congressman Barnes?

Q I have read it in considerably more detail and considerably more times than I would care to tell you about, but let me try and make the question more precise, because I know you like precise questions. There are two ways you can deal with the question of whether or not the Boland Amendment applies to the NSC staff generally, and to Colonel North in particular.

One way is to deal with the factual question, what activities are being engaged in, and then deal with the question of whether those activities are occurring, and the Boland Amendment does apply to the NSC staff, there is a Boland Amendment violation.

That would be one way of dealing with the problem. The other way is to deal up front with the basic legal question of the applicability of the Boland Amendment to the NSC. What I am suggesting to you is that it appears that Mr. McFarlane chose the politically easier of those two paths in dealing with the problem.

If he chose -- I am asking for your opinion of this thought process -- if he had chosen to have taken the legal position and so notified the Congress that is the position of the White House that NSC is not in fact covered by the Boland Amendment, that would have been politically controversial, correct?

A True.

Q And he knew that, correct?

A Yes.

Q And you talked about that with him, didn't you?

A Yes.

Q And by the same token taking the position with the committees of the Congress that nothing actually was occurring, which would have violated the Boland Amendment, even if it applied to the NSC, was in fact far less controversial, wasn't it?

A Certainly.

Q So you never really had to confront the question, the hard political question, at the time, did you?

A That's correct, yes.

Q I just want to make sure we get on the record his thought process. He never had to cross that bridge in any meaningful way, because he came to the factual conclusion that North's activities themselves did not violate the Boland Amendment.

A That's correct, and that is why we do not have a number of elaborate memos to that effect in our legal files, because we were never asked to advocate one way or the other. I think I could have advocated both sides of that issue quite effectively had I been asked to do so.

But I was surprised that he then in recent time has now taken on this spiritual -- this approach of being spiritually subject to Boland, because even that based on his understanding of the facts is a gratuitous act, and unnecessary, if he maintains that there was no violation of the Boland amendment, either then or now.

Q And in fact at the time in September of 1985, when these events were occurring, the process of thought that you just described was well known to both of you, wasn't it?

A Yes.

Q The fact is you simply didn't have to confront that question at that time.

A It did not appear to be relevant.

Q He in effect volunteered the position that the NSC would act as if it were covered. That was a purely discretionary decision on his part, which we would say was dicta for a legal opinion.

A I think that is reasonable to conclude that is what was in his mind at that time. I think he solved -- he correctly solved a political problem with a political answer, and I think you have to read the letters very carefully to challenge him on it.

Are we done talking about Boland, because I would like to say one thing about the withholding of documents.

MR. VAN CLEVE: I have no further questions.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. BALLEN:

Q Go ahead.

A My only remarks are once again to the fact that a lot of criticism has been directed against McFarlane, Poindexter and me for withholding these particular documents from Congress, and it is important to point out the context in which we deal with all document requests at the NSC staff.

As an agency counsel, when a request comes in either from the private sector or from a member of Congress for documents, we subject that request to certain standards, and we just don't hand out documents, especially when they are presidential records as opposed to NSC staff records, and in this particular case we went through that same process very carefully.

We involved all the right people in it, and when it came time to actually make the documents available, we involved White House counsel, Fred Fielding,was brought in. He was shown the Presidential documents, and we made steps and plans, as I said earlier, to provide them to Congressman Barnes.

The House Intelligence Committee and Congressman Hamilton were the other major requesters. They appeared to have been satisifed by Mr. McFarlane's meeting with them and by the letters they have received. Had they wanted documents, they likewise would have received access to documents.

At that particular time frame in August and September of 1985, I was on a first name basis with virtually every single member of the House Intelligence Committee staff, and had they wanted to come down and review or had they wanted to have us present to them the documents, that would have happened.

I think a very good faith attempt was made by Mr. McFarlane with Congressman Barnes to present those documents to him.

The only reason it didn't occur is because of a difference of opinion as to access, but Congressman Barnes showed up, the documents are were in fact on a table in Mr. McFarlane's office, and only because at the last minute the two of them couldn't agree as to the extent of the review did the actual presentation not occur, but we did not withhold documents from Congress during that time period.

MR. VAN CLEVE: Could I ask a couple of questions about that?

THE WITNESS: Sure.

BY MR. VAN CLEVE:

Q Is it your recollection that all 22 of the documents that have been found in the computer search that had been made by Brenda Reger were in fact on the table available to Congressman Barnes when he showed up in August.

A No, I can't swear to that.

Q Can you tell us that no one had in fact removed part of the documents?

A Once again I can't tell you that. I can tell you the only people that would have access to those documents would have been the medical personnel in the front office, and I am reasonably confident that Mr. McFarlane-- because he had asked me some many questions about the documents, and I had told him he had no choice but to retain them, had reached the conclusion that he would in fact show them to Congressman Barnes and explain them to him as he showed them to him.

That is why he wanted to accomplish this access question the way he did. In fact somewhere in your files you have a memo to me from McFarlane around that time period because I saw it on TV reminding him once again of the ruling on the Boland Amendment and advising that it was not subject to disposition. I think that document was brought up in the early part of the hearings. That document accompanied the files the day that Barnes arrived. My only reason in pointing this out, and I appreciate your allowing me to explain this, but from an agency point of view, we do not withhold records from Congress. We treated this request the same as all others, and the general rule is that Congress gets what Congress wants, and in this particular case the recognized oversight leadership did not choose to push this issue or they would have received those documents.

(Discussion held off the record.)

BY MR. BALLEN: Back on the record. Let me just state for the record that we have provided to Commander Thompson a copy of Admiral Poindexter's log for the period of November 17, 1986, through November 24, 1986. He has that before him now.

BY MR. BALLEN:

Q Did you ever see a finding signed by the President on December 5th, 1985, covering the November 1985 shipment of arms to Iran ratifying prior actions, in the last paragraph?

A By see -- I understand, once again, from watching television that a document, a finding fitting that description was in my possession for a limited period of time at some point during the time frame of November 20 to the 24th, and that I would have seen it. However, I did not read it and I was not familiar with its contents.

Q You never read the document?

A No.

Q When did you receive it?

A Well, that is what I have been trying to ascertain myself. The best I can piece together the events during that time period leads me to conclude that I saw that document, that I had that document in my temporary possession in the afternoon of November 21st, which is a Friday.

Q How did you receive it to have it temporarily in your possession at that time?

A It would have been one of a number of working papers in an accordion file that was given to me by Admiral Poindexter early afternoon on the 21st.

Q Did you retain in your office prior to the 21st of November any of the findings on the Iran initiative?

A Yes, I had my own accordion working file on Iran, and in there I had a couple of legal memos, one being the justification for covert action being used to circumvent the arms export control laws. I had, I believe, some papers dealing with the arms embargos in effect, and I had a copy at various times of the original January 17 finding with cover memo.

Sometimes I would have it in my accordion file. Other times the Admiral would have it in his desk.

Q Let me ask you this question on the December 5th, 1985 finding. Did Admiral Poindexter ever give to you in a sealed envelope to put in your safe at any time after December 5th, 1985, and prior to November 21, 1986?

A No.

Q You say you had the January 17 finding in your office?

A I had that in there at various times during the course of the year.

Q Do you know whether or not these findings were looking into the system?

A No. I am reasonably certain they were not.

Q Why is that?

A Well, they never really came into the NSC. They certainly weren't treated in the normal fashion that other findings are. This is the only finding, the January 17 finding is the only one I am aware of that was processed in a different manner within the intelligence community.

All other findings, as I am sure you aware, according to NSG 159, are dealt with through a different process. This one was dealt with at the senior most levels. It was apparently drafted at the CIA. I believe a cover memo was done by Colonel North. I may have been mistaken. It may have been in the system. I just don't know. I never really scrutinized it, but my guess is that it was not. Had it been in the system, it would have flagged the fact that it referred to a finding. That finding was dealt with in a different manner and it won't make sense to put the memo into the system.

Q Let me go back to the 21st. What were the circumstances that Admiral Poindexter gave the document to you?

A Well, once again, the best I can fit together those series of events would be he had, by the early afternoon of the 21st, had met with the Attorney General and the President, and had been apprised by the Attorney General that certain members of his team, his front office, were going to come over and have access to NSC files dealing primarily with the Iran issue, but specifically with the present January 17 finding time period, which is an area of concern and fuzziness to all of us.

Q Did he ask you to pull together documents on the Iran initiative, Admiral Poindexter?

A Yes, he did. I met with him in his office for about 30 seconds, and he told me that Meese was going to send people over, to be cooperative, and at that time he handed me this accordion file that I referred to earlier, with his working papers, and said basically, "Here is what I have got. Let them see what you have, and assist them in whatever else they want to do in the staff."

Q Did you go through the accordion file he gave you?

A Not at that time, no. I took it and put it in my safe next to my accordion file. The plan was I would either look at it later or make it available to the Justice folks whenever they came over.

Q Did he specifically ask you to check all of your documents to make them available?

A He may have. If he did, I didn't focus on that because mine were always together anyway.

Q Did you take any steps in terms of pulling documents from the system to get them together?

A No, not at that point, no.

Q After you received those documents from Admiral Poindexter and his accordion file, what did you do? When was the next time you looked at them? What did you do with them?

A Within the next hour or two, that is why I was looking on the schedules, to find out when there wasn't another meeting involving the internal NSC staff.

Q You may want to refer to your own recollection. These documents are not infalllible.

A That is what I am relying on, and I am trying to repeat verbatim the conversation I had with Mark Belnick about a month ago on this very subject, which unfortunately was not recorded, and at that point I didn't know the document that had been ripped.

The document had been ripped up by the Admiral. I have since learned that, but the best I can piece this together is I had the intention of making the Admiral's accordion file and mine available to the Justice Department attorneys, and at that point the Admiral had surrendered his custody over to me.

Later that afternoon there was another schedule session, another meeting taking place in the Admiral's office, which was not a very formal meeting. It was probably attended by North, most likely by Keel and probably by McDaniel, but I am not positive.

I can't seem to document it, which is of great surprise to me because we almost always document these things. He can recall the Admiral sitting in the normal chair he sits in in his office, and someone sitting opposite him in the other arm chair, and a couple of other staff officers had pulled chairs up around the coffee tale, and I joined the meeting, I believe, after it was already underway, as I often did, just to get the tenor, to see what was going on, and I would often leave.

My role was to pretty much keep a pulse on what was going on in the front office. And I believe this occurred within an hour or two after he had given me those documents. Right during the conversation while I was there, the Admiral kept saying, "There is yet another document." Or, "There is some memo that we still haven't come up with that I know has to be somewhere."

When I heard him say those words, I thought to myself, perhaps it is among the working papers that he gave me earlier, and since I had not looked at them, perhaps it would be helpful one more time for him to look at them. So I got back up, went out and came back in carrying his accordion file along with mine. I knew what was in mine, and I only brought it in for additional reference.

Q You knew what was in yours?

A I knew the contents of mine.

Q Go ahead.

A And the conversation continued. I came back in. The conversation continued on a subject I can't recall, but I assume it had to do with general posturing and strategy in dealing with the congressional requests and press requests and so forth. We had just finished briefing both the House and Senate committees, and I suspect we were trying to have a discussion as to where we stood on the issue. At any rate, as the conversation was continuing, I would open the file and quickly take out documents, look at them to see their general subject matter, and I would hand them to him.

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He was sitting off to my left, and he would just kind of look at them and drop them or leave them on his lap. One document we came to he ripped up, not as a major action, but merely as he came to it. He ripped it up saying, "This is no longer necessary." Or, "This has no future." That document turns out to have been the finding of the fall of 1985.

end Cantor.

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A Because I heard him say it on television.

Q You didn't say to him at that time Admiral, this is something you ought to consider. This is a little bit embarrassing. Look at this document.

A No. I have heard people attribute those remarks to me.

Q In fact Admiral Poindexter testified to that.

A He said something to the effect I said they would have a field day with that information. I think I said that comment, if at all, when he initially gave me the accordion folder. It was kind of like what is this. Where have you had this, Admiral. Here we have been desparately looking for documents for the last several weeks. And he kind of winked and said well, these are just things I have had elsewhere, home or in my briefcase or something. We were basically managing the case at that time and the paperwork and suddenly he produces an accordion file with papers in it on the 21st of November. I think I said, "They'll have fun with this," meaning Meese's people, or, "They will be pleased there's some additional paperwork in this case."

Q You did not have this finding, in other words, in your safe in a sealed envelope?

A Absolutely not. No. It would have been contained within that file that he gave me.

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Q So if he had told you it occurred that way, that's mistaken in your view?

A Yes. My recollection is that it was contained in that accordion file, that he had only given it to me shortly before but he basically surrendered it to me without any hope of reclaiming it. Had I, at that time, walked out the door and given it to Meese, then today you would have the original finding.

Q Did you see that it was a signed finding when you gave it over to him or not?

A I really can't, nine months later, say what I saw and didn't. I was thumbing through things and handing them to him. That was a typical skull session. The conversation by that time had moved on to other things.

The one point that I do recall that I was disappointed was that it was not responsive to what he had been looking for.

Q What did he do with it when he ripped it up?

A Just kept it.

Q You don't remember him putting it in a burn bag or anything like that?

A No. He doesn't have a burn bag in his office. He would have either put it in his outbox, in which case the secretary who picks it up would know enough to know it was for a burn bag. He was up and pacing back and forth

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during that period, too. He had his coat of at that time. I think he kept it. He crumpled it up and kept it.

Q You don't know for a fact having seen the document it was this fall, 1985 finding?

A No. I don't know for a fact.

Q You are just piecing together. You saw him rip up something you had handed him out of this file you had given to you and you are making an assumption, I take it, that this was the finding that he referred to in his televised testimony.

A Uh, huh. I had heard references to the fact that I was present in a room when a document was ripped up. I tried to piece that together for Belnick last month. When I then heard the Admiral lead off by saying yes, sir, it was a finding, then obviously we are talking about the same piece of paper. We just don't recall precisely the way it worked.

Q All right. This is a piece of paper that you saw him tear up.

A Yes.

Q It is not necessarily -- you didn't read it before you gave it to him?

A That's correct.

Q You have no independent recollection of what the document was. Is that fair to say?

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A Uh, huh.

Q Colonel North was present in the room.

A I can't swear he was. I assume he was. He was present in most of those meetings.

MR. VAN CLEVE: Is there a record on the Admiral's calendar to that effect?

THE WITNESS: No. There were meetings that day with Ken DeGraffenreid late that afternoon and Ollie North at 2:25. So it could have occurred during the Ollie North meeting at 2:25, which would have been an hour or so after he gave the documents to me.

BY MR. BALLEN:

Q By that time you already knew the Attorney General was coming by to conduct an investigation?

A Yes.

Q Is that correct? Did you talk to North about that or was that something you both talked about in that meeting in the afternoon in Admiral Poindexter's office?

A No. I didn't talk to North at all. I didn't really -- my concern was working with the Justice Department. When Cooper called me, I tried to call North. He wasn't in. I think I talked to Earl or to Coy.

Q But Admiral Poindexter told you when he gave you that original set of finding what the Attorney General intended to do; in other words come over?

A Oh, yes, sir. He gave those things to me with the intent of showing them to the Attorney General. Had it not been for this coincidental meeting I attended, I would have given those to the Attorney General.

Q Now, did Colonel North indicate to Admiral Poindxter during this meeting, if you recall, anything about notebooks he had kept, spiral notebooks?

A No.

Q Let me show you -- you have that what's premarked Exhibit 1 in front of you.

A Right.

Q Do you recall that document?

A I sure do.

Q Could you explain it to us? Is it addressed to you on the cover?

A It's a handwritten note to me.

Q From whom?

A From Admiral Poindexter which says put this with the finding and is dated March 12, 1986.

Q Does this refer to the January 17th finding?

A Sure. Yes.

Q What is this document, briefly?

A This is a memorandum. The underlying memorandum is from the Assistant Director or Director of the Army Staff and it is to the Secretary of Defense advising the Secretary that the Army has responded to a tasking to provide TOW missiles to the CIA, which was responsive to the purchase request that the CIA had drawn up under the authority of the finding of January 17th. The cover memo on that from Powell to Poindexter is -- Powell wrote this on behalf of the Secretary. His role is the senior military assistant to the Secretary -- forwards the memo and advises Poindexter that the Army has been told that they do not need to make the normal notifications they would make, because the matter in this case is being dealt with in a different manner.

When this came in to the Admiral he wrote a cover note to me saying put this with the finding, and I would have taken it and put it with the January 17th finding. So that should have been contained unless there.

Q Was that the only finding that you had?

A Yes. That's the only finding I ever had.

Q Just to make it clear.

A Yes.

Q All right. After you had these meetings on Friday the 21st as you described, did you take any steps in terms of computer retrieval to collect additional documents for Department of Justice officials?

A No. In fact, I've been asked several questions about that and I just can't recall asking for a systems search, which would have been the most thorough way to do this. But this was, of course, a rather limited search they were going to do. They were looking for a time period basically of pre-January 17th going back to approximately the summer of '85. So it was about a four or five month time period they were going to look for and we were aware the only staff officers that were involved with this initiative were North and possibly Teicher. So it was conceivable that they could go directly to North files and get copies of everything that they wanted. So as of the 21st of November, I do not recall -- you could ask Brenda Reger -- but I do not recall initiating a systems search.

Q You didn't speak to North about initiating a systems search?

A No. North would have nothing to do with the systems search. He is not involved in a systems search. They are done by our custodian of official records. That's what I mean by a formal systems search.

All that North has access to are files contained in his own office, although there should be copies.

Q Did you talk to North at all during the 21st other than this meeting?

A No.

Q Now, you met I believe you testified previously,

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with the Department of Justice officials on the morning of November 22nd.

A Correct.

Q And just to run through that briefly, who did you meet with?

A I received a phone call around 10:30 from my counterpart over there, Chuck Cooper. He told me that Brad Reynolds and John Richardson were on their way, could I get them parking and could I get them into the building. I said of course. A half hour later he showed up. I met them downstairs in the West Wing and escorted them over to the Old Executive Office Building on the third floor.

Q Where you met with Earl, I think that was your testimony?

A Yes. When I first received a call from Cooper I immediately called over to North's suite to make sure somebody was there and there was no answer. Which was annoying to me because I had promised we would have the s~~w~~uite open. I tried to track Earl down and he subsequently showed up around 10:30 Saturday morning. When we arrived over there the office was open and Earl was there.

Q Was there any documents laid out for the review?

A I don't think he started to yet. On the way over I told him there were lots of things to look at and that the best thing to do was just start with what we

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call the chrons -- chronology and work their way through and I think that's what Earl laid out for them.

Q Let me direct your attention to Tuesday, November 25. That was the date of the Attorney General's news conference.

A Okay.

Q Did you meet with John Richardson of the Department of Justice during the morning of that day?

A Yes.

Q How was that meeting set up?

A Well --

Q How did it come about?

A Well, it came about as a result of a conversation I had with the Attorney General. The Attorney General arrived about 8:15 or so with Cooper and Richardson and I met him in the hallway and he asked me to do a search one more time of the Presidential records to ascertain that the President had not seen or signed any memorandum dealing with Iran during the time period of 1 April to the end of May, '86.

Q The Attorney General asked you this?

A He asked me that personally. Cooper then said to me -- I said I would do that immediately and I in fact called once again the only person that does searches, Brenda Reger, and asked her to do that, which she immediately started doing.

Q How did you phrase your request to her?

A Very simple, just to feed it into the computer for her search, the words "Presidential action", "Iran", "official document". She came up with a number of hits after she did the search. Cooper I believe then planned to go upstairs and talk to Wallison and he asked me if it would be all right if Richardson came down to my office and looked through my files one more time, and I said of course. Then Richardson then came down to my office and I got out my same accordion folder and, which I believe at this time had been added -- it was a little thicker than before. I think I had added -- I don't know if I had added the Poindexter papers or not. I can't recall whether I had two or one files at that point, but at any rate, I let him look through my files. I also at that point added the memorandum of early April from North to Poindexter, which is the memo that was found by Meese or by Reynolds' people when they were over there on Saturday.

So that was also in my files at that point. That had not been in there previously.

Q Did Richardson ask you at that time to make sure this particular memo mentioning the diversion had not reached the President?

A Well, that was the purpose for the search that

Meese asked me to do.

Q This memo or anyone like it?

A Yes. This memo was dated April 3rd or April 8th or something so that's why Meese picked the beginning of April to the end of May.

Q You understood his request that's why he was asking?

A No, but I have subsequently figured that out. I myself had not really looked at that memo that was in there. Keel and Poindexter had been reading that over breakfast. Poindexter came back from a meeting with Meese, was having breakfast. I went in and sat down while he was eating breakfast and he told me he was going to leave that day. Keel showed up a little bit later and learned the same thing, said why. At that point the two of them were looking at the document, which is the April 8th document, I believe.

I then took that and threw it in my safe along with the other documents I already had in there. But Richardson really, I don't think he and I discussed it very much.

Q Let me ask you, say there were a couple of hits on Brenda Reger's search. What were the hits?

A I think they were NSC or NSPG meetings.

Q On her search this particular document did not show up?

A That's correct.

Q As being logged in the system.

A Right.

Q So this particular document that you now have, this April 8 document, was not logged in the system? It didn't come up on the computer?

A Apparently not. I don't know the answer to that. We could have to go back and get her profile sheet. I don't know whether that document was in the system or not. I can't recall.

Q But you said there were a couple of hits and this document was not among the hits.

A I don't believe it was. The whole purpose of that search though was to make sure the President had not seen or signed any documents during that time period.

Q Your recollection is that document was not in the system?

A That's my recollection.

Q Let me just ask you something about that. That would have been a System 4 document?

A No. Well, if it were -- I guess, yes. I would say it would have to be because it pertained to a finding, to a covert action and covert actions are dealt with in System 4 so it should have been in System 4.

Q How were they normally logged?

A What do you mean by "they"?

Q System 4 documents.

A They are logged by the custodian of System 4, either Radzimski or Merchant. They have their own separate systems of numbers they assigned people and if someone outside of the Intelligence Directorate, which is unusual but it does occur, if someone outside of that wants to use System 4 they call up that and get a number and log it in. They then give the original to the custodian of System 4 who then treats it as he would any other document he receives, prepares it, hand carries it across the street.

Q Were the logs on this particular -- were the System 4 logs checked for this particular time?

A Yes, I believe Brenda checked those. There's yet another whole set of files which are relevant which are the White House archives. So Brenda -- she knows she only has access and control over NSC agency documents but whenever she does a search, as she did in the case of the 1985 congressional request for the North activities, she asked Radzimski or the custodian of System 4 to search those files and she asked the White House archivist or the White House central files custodian to search White House files. This particular search took several hours that morning. That's one reason why this was delayed;as late --

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the Meese press conference was delayed. Because we wanted to make sure by checking all three systems that there were no Presidential records.

Q So this document wasn't found on the logs. Is that correct, when she did the check?

A I believe that's correct.

Q Once a document is logged in can it be removed from the logs?

A Well, then we get back to the discussion that I had with Mr. McFarlane in August of 1985. You would have to make a determination as to whether or not the document has achieved some status of permanency.

Q I guess I'm asking a different question.

MR. VAN CLEVE: If you wouldn't mind just for clafification --

MR. BALLEN: Sure.

MR. VAN CLEVE: When you say the word "log", I'm not sure it will be clear to Commander Thompson exactly what it is you are referring to, so maybe you want to try and make your terminology a little more precise. The log, if I use that word, what I'm going to be referring to is the typed or handwritten log kept by the System 4 custodian. Jim Radzimski in the case of this particular time period up to October 25, 1986. I think Mr. Ballen may have been referring to either the profile that's found on

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the computer system itself, either on the system or a hard copy of that?

MR. BALLEN: Let's make it explicit. I will refer to both.

MR. VAN CLEVE: Just so we are clear because really the log itself is a wholly separate document that might not have been reviewed in the course of a computer search.

MR. BALLEN: That's what I was asking him.

THE WITNESS: Perhaps it's easiest if we use our definitions. We are the ones that did the review.

MR. BALLEN: Use your definition.

MR. VAN CLEVE: Tell us what you mean.

THE WITNESS: The phrase "logged in" means any document has been put into one of the NSC systems and it has either a System 1, System 2 or System 4 number.

MR. BALLEN: That's what I thought you were saying and that's what I had understood by my questions.

THE WITNESS: Right. You asked me was this document from April logged in, was it in one of the systems, we determined it should have been in System 4 if any system and you can look up in the right-hand corner, I don't know the answer. Once you do a search, once an item has been logged in, it's in the computer. Not only is the log number put in there but also relevant key!words

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are plugged in. So when you do a search it's very easy to have them jump back out at you. However, even if an item is logged in, can it still be taken out of the system, I would say very likely it could be. It depends how far along the document has progressed and whether or not it's been negotiated.

BY MR. BALLEN:

Q But I had understood the same thing you had understood by the question. When I was asking whether that document was logged in, I was asking whether it was put into the computer system. That was my question.

MR. VAN CLEVE: By the same token, when Mr. Ballen asked you if the document could be taken out I don't think he was asking for a legal judgment.

THE WITNESS: I was giving a legal judgment.

MR. BALLEN: Can it be taken out of the system.

MR. VAN CLEVE: As a technical matter can it be taken out of the system.

THE WITNESS: What happens at that point to the record copy? You see, you are asking can you delete a button on the computer and the document still exist but it's not reflected in the computer?

MR. BALLEN: Correct.

THE WITNESS: I suppose that's conceivable. That would certainly go against the regulations and the way we do business but --

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MR. BALLEN: Let me ask you a specific question which I know.

THE WITNESS: If you are wondering do we do manual searches, no, we do not. We only do computer searches.

MR. BALLEN: Let me ask you a specific question.

I think your answer is no, but I just want to cover the record. Did Richardson ever specifically tell you to make sure that no memos mentioning the diversion of Iran arms sales proceeds to the contras reached the President?

THE WITNESS: Did he tell me to make sure they did not?

BY MR. BALLEN:

Q Yes.

A From thence forward?

Q No. To check in this context of what you have been talking about with the Attorney General's comments to you about checking the system.

A Did Richardson's request expand to include the whole time period?

Q Yes, specifically talking about the diversion of Iran funds.

A No. I don't think so. I don't believe he did. That would have been a much more extensive search. I think

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we did one later on though.

Q When was that?

A I don't know. Once again, the sole authority for all this is Brenda Reger but we probably did one later on from 1 January '86 forward, and then we did yet another massive one to include the entire Administration, depending on the evolution of the investigation.

Q Was there anything in either what Mr. Richardson told you or the Attorney General, was the request phrased in such a way to determine whether the document reached the President, was ever sent to the President, he ever signed it? How was it phrased? Do you understand my question?

A Yes. That's why I tried to use the words "seen" or "signed" several times because I thought that encompassed the fact that memo in any form did not get in the vicinity of the President.

Q Did you report to the Attorney General on the search?

A Oh, yes. He and his troops camped out down at the other end of the West Wing. My office is located at one end of the hall and the Chief of Staff's is at the other end, and they were impatient for us to come up with an answer but we obviously wanted to do a thorough search, and it took several hours. I don't think it was before 11 or 11:30 before we had an answer for them.

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Q And what did you tell them at that time?

A We told them we found no record of any Presidential signature or Presidential review of any documents dealing with that issue during that time period.

Q Who was your executive secretary at the time?

A A gentleman named Rodney McDaniel.

Q And this search as you described it, it would include both, I believe you said this before, but the Presidential archives as well as System 4 --

A White House records, NSC records and System 4 records.

Q Back to what Mr. Van Cleve was asking a little bit about earlier, talking about physically logging in documents, was any kind of check done of that or the check was simply a computer check?

Q Computer check. We would have thousands of documents and it would be less efficient and less accurate to try to do a manual check.

Q Let me just ask a general question which I think you have been asked before. Did you ever see any document during your tenure at the NSC concerning any kind of diversion of Iran arms sales proceeds to benefit the contras?

A No, absolutely not.

Q The first time you saw anything like that was this April memorandum?

A Which you know I saw on the morning of November 25th.

Q And other than the findings that you have described to us, did you see any other documents on the Iran initiative?

A No. No, I did not.

Q Did you want to take a brief break? I just have a couple more things I wanted to look at.

A No.

MR. BALLEN: Jack, did you have any questions you wanted to ask?

MR. TAYLOR: I have a few.

BY MR. TAYLOR:

Q In the deposition of another member of the NSC there was a discussion by Mr. Earl, Colonel Earl, of who was so-called in the box or in the compartment when it came to the Iran initiative at the NSC. He described Admiral Poindexter, of course, Art Tiecher, himself, Colonel Earl and he added that you were also in the compartment.

A Cleared for [redacted]

Q Yes.

A I don't believe I was ever officially cleared but I certainly had access to information contained within the [redacted] clearance.

Q That gave you access to meetings in which the Iran initiative was discussed post-January 17, 1986?

A Yes. Inevitably not so much for substance but, to assist in the procedure, I was generally aware of the details involved in the [redacted] program, although I don't think I was ever officially cleared into it.

Q Did you then handle documents or have access to documents as a result of that related to the [redacted] program?

A Well, I had access to virtually all sorts of highly compartmented documents, just as the other personnel in the front office did, the secretaries, et cetera. There were seven of us that worked in the front office of the National Security Adviser and each of us had constructive possession or access to all sorts of documents. They flowed in and out like water on a given day.

Q I think there's an April 6th, by the way, memo. That's also stuck in my mind the last couple of months. Back to that particular document, when you saw it on the 25th of November for the first time --

A Yes.

Q It came from Admiral Poindexter's accordion folder.

A I don't think it came from his accordion folder. I put it in my accordion folder after he and I and Keel had met during the breakfast.

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Q When you did see that it did not have a cover memo on it?

A No.

Q Do you recall -- so we are talking about the same document, it mentioned the dates of November 14th which was scratched out and had written 13 above that?

A Yes, I believe that was the one.

Q Was there any discussion about why that was altered, the date?

A Certainly not at that point. This was the morning of the 25th of November. Most people were in a state of shock that the Admiral would be leaving. I don't recall that date being discussed at all. In fact, it was really a paragraph several pages into the memo that was the only relevant aspect to Keel and to me.

Q Was there any discussion at all about why it was incomplete?

A No.

Q It was just handed over to you as it was?

A Yes.

Q Back to one other area. On the 21st, I think you mentioned earlier you notified Colonel North and Colonel Earl to be available?

A Yes. I tried to call North and I can't remember whether I got Earl or Coy on the phone.

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Q They were both to be available the following day, which is a Saturday, the 22nd of November?

A Yes. I don't think I specifically asked either to be available. I just said we are going to need access to the suite. Once again, I think six or seven people had access to it.

Q The following day I understand both were available?

A Yes, Earl showed up around 10:30 and North showed up 12:30 or one I think.

Q There were two sessions I understand of interviews by the Justice officials with Colonel North during that day?

A I'm not aware of any interviews of North.

Q I'm sorry. There were meetings, a review of documents and discussions of documents?

A In that suite, yes. In fact, I think those guys took turns standing watch over there right until late that evening. Jock Scharten eventually showed up.

Q Going back to this deposition, do you recall at any time during this effort when documents were being produced by North and by Earl for the Justice officials on the 22nd, do you recall an occasion where you met Colonel North in the hallway where he was carrying perhaps a folder or a handful of documents?

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A Yes.

Q Did he make any particular comment to you about where he was going with those documents?

A No. I don't recall that part of it but this particular incident has also been raised with me before.

Q In deposition, by the way?

A No. I've been aware of that statement, shall we call it, by Mr. Earl and the gist of what he was inferring in there.

Q Just for the record, what do you recall?

A What I recall occurred was that as I was leaving Reynolds and Richardson in Room 302, they asked me if they could also do a quick search of the files on Iran from McFarlane and from Don Fortier, who had also been associated with this initiative. They have since departed. One is deceased. The other is no longer employed by the government. I said fine. I can once again have our Director of Information Policy, Brenda Reger, recall those retired files from the vault and be glad to make them available to them.

I then left those gentlemen in that suite of offices and I returned to the West Wing. I think I probably called Brenda on the phone and said, "Please search McFarlane and Fortier's boxes." Fortunately they were still stored locally, had not yet been shipped out [redacted] [redacted] where they are normally retired, and she

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in the course of the next two hours, either she or her assistant Donna Serco reviewed the folders, isolated the ones on Iran. I think it came to three or four accordion files, and called me saying we have got the ones you might be interested in showing to the Justice Department.

I then crossed the street to the Old Executive Office Building where I met with Brenda and Donna Serco, saw that there were just three or four files. I left with these two individuals some food which I had brought from the White House mess since there's no place for them to eat on Saturdays across the street and I was treating them to lunch that day. I left with them their lunches. I then took the accordion files and walked down the hall to 302 to where the Justice Department gentlemen were to find out who their search was going. I was just checking in on them and North had arrived in the meantime. He was in there looking over some items on his desk and he said to me at that point -- in front of him was this conference table laden down with accordion files. He said to me, "They said we don't have any paperwork on this. What do you call this?" And I said, "Everyone knows you have got plenty of paperwork here," or something like that.

He then was about to leave and I think he and I did go out of his office to go. I still had under my arm the three or four accordion files I had received from

Brenda Reger. He may or may not have been carrying something. I really don't know. Since the Justice Department lawyers were not there, it was just North and Earl in the office at that point, I believe North and I walked across the street together. But I'm not positive. I frequently made the rounds on Saturday talking to staff and so forth. I then returned with those accordion files to my office where I later called up Reynolds or Richardson and I said "I tried to bring this over to you and you weren't there." They said "Was there anything in there?" I said no, and I don't think they ever did see them.

I later returned them to Brenda Reger where they were sent back to the valut where they are today, or were the subject of yet another search.

Q You don't recall Colonel North's conversation when you left his office though when you had the accordion files under your arm? You don't recall a conversation where he stated he was going over to the Sit Room.

A That's an abbreviation for Situation Room.

Q That makes more sense. He was going over to the Sit Room and he sort of hefted the documents? You had no inference at all of any destruction of documents?

A None whatsoever. Looking at the thing retroactively through the eyes of Bob Earl I can see how since he was aware apparently of shredding or of destruction of evidence or destruction of documents and he was talking to North about it, then I can see how suddenly I show up with documents under my arm and the two of us leave together, I can see how he might impute to me some sort of similar state of mind that North had. But I find that to be slanderous at best. Some day whenever I encounter Mr. Earl I intend to tell him what really happened.

MR. TAYLOR: I have no further questions.

MR. BALLEN: I just have one question.

BY MR. BALLEN:

Q Do you recall whether or not Admiral Poindexter ever spoke to you about Colonel North facing the threat from Abu Nidal and needing some security? This would be approximately in the spring of 19 --

A Yes. Once again that's come up during the hearings. There were a number of times when North was faced with threats going all the way back to '85 when he had acts of vandalism committed against his personal property.

Q He said it went back to 1985.

A Yes. Those are documented in the letter from McFarlane to the Intelligence Committee. I think North was concerned about being harassed back then for his status. I vaguely recall a discussion of concern by both North and I believe Fortier, Fortier primarily. He shared the office next to me and he was about to go to California

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with the President and leave his wife and young child at home and he was very annoyed that his name had appeared in some periodical associated with the Achille Lauro attempt and I believe it was in the same context. He wanted something done and I'm aware in a more remote sense that North was similarly concerned and wanted to have some sort of action.

In North's case, I think the solution was, one solution was for him to be transferred out of the area and that was not to his liking. But I believe the Admiral turned that over to our Executive Secretary who is responsible for the health, welfare, et cetera of our people to try to solve it.

Q For Don Fortier, were any attempts made to provide him with security?

A No. It's very difficult to provide security to most federal employees, unfortunately. If you have a real life-threatening, you could probably do it but short of that, if it's something remote as an article in a newspaper, it's very difficult to do.

Q So no additional security was given to Fortier at the time he went off to California?

A No. No. It was unfortunate that we did not have that sort of resource, but we just don't.

Q Did you make any phone calls to attempt to provide that or not?

A I believe we did call.

Q You say we?

A Well, me. I may be confusing this with Admiral Poindexter because he similarly was a subject. I know in Poindexter's case I called the police and I called the Secret Service. I made several calls. I believe in Fortier's case I did likewise. I called the local police and asked them to drive there more frequently and to be sensitive to incoming calls in case they were to receive any. This did not give Don peace of mind by any means.

Q How about for Admiral Poindexter? How did he feel about his own security? You said you made some calls for him, too.

A He was very concerned about it. You know the Chief of Staff had a bodyguard to protect him from outside assaults and you could certainly make a good argument that the National Security Adviser should be provided similar protection. He has a similar rank. But that was something that was too difficult to do to find any authority for that, any statutory basis for providing support. So in the Admiral's case once again, the concern was not so much for the personal well being of the officers themselves, but more for their spouses and their homes.

In Poindexter's case, eventually his house was

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put under surveillance and he received a more sophisticated security system.

Q From the government?

A Well, I don't remember the details. I know it was initially put in as all security systems have to be for when you have classffied information which you store at your house, which he did. He had a secure telephone. He had a PROFS terminal in his home and he had a lot of files there. I think the White House Communication Agency had that standard anyway. Whether that was strengthened or not in Poindexter's case to include a direct dialing system to the police, I believe turned out to be done.

MR. BALLEN: Thank you.

BY MR. VAN CLEVE:

Q Commander, I know you have testified that you did not see what we refer to as the diversion memorandum, that is the April 4th, 6th or 8th memorandum which in fact was undated, but which we have dated by context. I take it you testified you did not see that memorandum prior to November 24, I guess, 1986?

A That's correct.

Q Were you ever asked by Admiral Poindexter to do any legal research relating to the question of the use of proceeds of sales of United States weapons?

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A No.

Q Have I made that question general enough so you would construe it to include any aspect of the law related to a diversion such as the one we believe actually occurred?

A Yes, that's sufficiently broad. I asked the Admiral that same question myself on November 25th, why didn't he ask me to do legal research on that issue.

Q What did he say?

A He said he didn't want me, to involve me in that aspect of the operations.

Q Did you have any further discussion on that with him?

A No. Well, I did. I asked him whether he told the President or not.

Q What did he say?

A No.

Q Did you ask him whether or not he had authorized the diversion?

A No. I didn't ask him in those concrete terms. I asked him, after I asked if he had told the President and he said no, he went on to say the reason he didn't tell the President he said he felt confident the President would approve it. But it was an interesting few moments because he had for himself as the naval officer and as the

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commanding officer of the ship, whatever you want to call it, he had a standard of what we call inescapable responsibility in the Navy which means you are inescapably responsible for what any member of your staff does. I was unable to tell whether or not he was just generally aware of the diversion and North's knowledge of the diversion or whether he was more extensively aware of it. So it was not something the time was right to have an in-depth discussion on it so I think each of us on the immediate staff drew our own conclusions as to whether he just had an inkling or whether he had an in-depth knowledge.

Q But you apparently were concerned enough about it to ask him both why he hadn't told you and whether or not he had ever asked you to do any legal work that might have borne on the subject; am I right?

A Well, sure. I was -- I saw that as a prime reason for his resignation or his request to be transferred and one of my missions was to help him out in all areas, and I was really just asking the question why didn't you ask for my help in this area.

Q You were disappointed he hadn't confided in you?

A Not necessarily disappointed. For all I know he had sought and received advice of several other people. I just didn't know that much at that time.

Q I am curious about, if I understood your answer correctly -- and I am not trying to be difficult here but I am trying to be as clear as possible -- I believe you told us that you asked him whether or not he had ever asked you to do any legal work that was connected with this.

A But I said that in the context of your statement was my question broad enough. My answer was yes, it was broad enough because I asked the question of the Admiral why didn't you involve me in this aspect of it. The reason he would involve me would be because of my legal background.

Q Right.

A So we never asked -- we never had a discussion on the legal aspect of your question.

Q I follow, and I'm not looking for --

A My question to him was even broader than your question to me.

Q I'm not looking for legal information. I think I'm wondering was your reaction to finding out about the fact of the diversion and the fact that the Admiral knew about it one of personal concern?

A Personal and professional.

Q You were professionally concerned because the Admiral hadn't, in effect, sought your advice. You were m34 personally concerned because you wanted to make sure you hadn't inadvertently been asked to do something that bore on this question; is that correct?

A I was pretty sure I hadn't been asked to. It was not a question of being inadvertently asked.

Q It's always possible to be given a hypothetical and not be given the facts and be asked to do something without knowing what is really going on; isn't that true?

A Yes.

Q Isn't that fairly common actually?

A Yes. As you know from my deposition I had had a similar involvement at the beginning involving the January 17th finding I had been asked to research one aspect of it only and not the rest. I think I was unable to determine, as I said earlier, since I didn't have a good feel for the extent of his knowledge himself and where he was getting his knowledge from as to diversion, I therefore was unable to make a determination as to whether I had even been vicariously involved through a hypothetical situation.

Q I understand. I think your reaction is entirely understandable. Let me follow up a little bit.

When did the conversation occur, what date?

A November 25th.

Q Is this before or after the Attorney General had

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asked you to do a computer search to determine whether or not the President had seen or signed such document?

A I suspect it was during that time frame.

Q After you had been asked to do the search --

A Actually I had a number of conversations with the Admiral. Even though he left the White House on the 25th he really didn't leave until the following week. He was in several times during that time period. I think I asked those questions during the course of that week so it's hard for me to pinpoint when that was. But certainly there was from morning on the 25th on there was basically a vacuum that existed in the front office of the National Security Adviser and I was one of the few people that would go in and talk to him as he was slowly phasing out. I had conversations later on with him asking him how he felt about this. He was very tired.

Q You can't tell us precisely when this conversation occurred?

A No. There were lots of people in and out that morning. I guess it was the 25th but --

Q I'm reluctant to extend this but I must say I have reviewed both of your prior depositions in preparation for coming here to see you this afternoon and I don't recall this subject was discussed.

A What's that?

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Q In any particular detail. Is that your recollection?

A What particular subject?

Q The subject of this conversation with the Admiral.

A No. I don't think I was asked about anything remotely near that.

Q Okay. That's what I thought. I would ask you some additional questions if you would permit me because I think it's worth doing.

When the Admiral told you he had not told the President about the diversion -- you are an attorney. You have already described for us you immediately had a reaction that had to do with the question of your own involvement. Did it not occur to you then there would be a question about the authority for those actions?

A The authority for which actions?

Q For having allowed this kind of diversion to occur.

A Certainly, yes. There were lots of questions that immdiately arose in my mind.

Q But you did not ask the Admiral the question where did you get the authority?

A No.

Q Or did you authorize this or anything like that?

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A No.

Q I take it you have not since asked him that question before testifying?

A No. I haven't talked to him since then and I wasn't aware at that point as to who else in government knew and what the basis for this action was. I was not, as you know, involved in legal rulings concerning the finding and that this was a component of the finding and I was likewise not involved in this.

Q That's all you have on this subject. Did you want to follow up on that?

MR. BALLEN: Yes.

You said you didn't -- when you asked the Admiral about this he said he didn't want to involve you in the operational details.

THE WITNESS: Yes.

BY MR. BALLEN:

Q That implies that you were involved in some other respect.

A I was involved in scheduling, administration, hostage release communications, sure. I was involved. For every night North stayed up I stayed up in the night too, talking to him on the phone.

Q I understand that. My question was those were [illegible] they?

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A No. Those are not operational details. Those are administative support details. The only reason I was doing that was because I was the military assistant to the National Security Adviser and wherever he was in the world, I was the one that stayed up all night on the phone.

Q You asked the Admiral why he didn't tell you about this diversion and his response, from what you said previously, was that he didn't want to involve you in operations.

A In that operational aspect of it.

Q Because your earlier response, maybe I took it down wrong, was he didn't want to involve you in operational details. I'm trying to get his precise words, whether he said to you I didn't want to involve you in that aspect of the operation or whether he said to you I don't want to involve you in operational details or maybe you don't recall the precise words.

A No, I don't. It was not -- I was not in there as a professional or legal counsel. I was in there as a friend saying Admiral, why didn't you talk to me about this.

Q What did he say to the best of your recollection?

A He just said I intentionally did not bring you in on this part of it. That's what he said.

Q Did he say I wanted to protect you from it or did he say I didn't do it -- what was his tone of voice?

A No. I didn't know at that point how much he knew. If he just had an inkling of it obviously I would have no knowledge of it. That's why I went into this thing of inescapable officers. At that time he might have had strict liability and responsibility for those people under him and therefore he automatically goes if one of them develops problems. I didn't know on that day. To me it appeared this was but one aspect, one element of a much bigger operation that was going on by the CIA. This was something that he may have had very remote familiarity with. I just didn't know that. It just happened to be leading up to the contras.

Q Not to come back to it, I don't have a clear recollection of what your recollection is of what he said to you. Try to remember the situation and what exactly was said to you and how the conversation went without me characterizing it.

A On which aspect?

Q This aspect of the diversion. You walked into his office. Were you having a general conversation at that time? I don't mean to belabor this but I don't have a clear sense of what the conversation was about or how it went.

A First of all, there was a discussion that morning

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with Keel and me in which we both were shown a copy of this diversion memo and he said this is the reason that I'm leaving because this is a factor that is controversial to the point that I find it doesn't make sense for me to remain on as National Security Adviser.

I talked to Ed Meese and he agrees it's the best thing for me to do so I'm leaving. That was the end of that conversation.

Later on, most likely that day, perhaps that afternoon or something, I said as he was basically isolated, as you always are in a situation such as that, I said Admiral, why didn't you talk to me about this? And he said I intentionally kept you out of this. That's about the best I can recall. He may have said I didn't want to involve you in that operational aspect of it but I mean he was well aware that I was aware of the overall finding and he knew very well that I was involved in most of the communications. It was just that particular diversion thing that was new.

Q You said you discussed with him during this time how he felt about what was transpiring. Was it in that same conversation you asked him whether or not he informed the President?

A Yes. I believe it was just about that same time, yes. Because I was aware that Meese had just done a big search as to what the President knew. So I thought let's ask the Admiral that afternoon, I think it was. The Admiral did not leave the office that day. He stayed there until late afternoon. In fact, we don't have his schedule, but we had also asked for his schedule on the 25th. But he was there until quite late that day and I talked to him several times.

Q You said you talked to him how he was feeling about all these events. How was he feeling?

A Reflective, quiet. It's an interesting question to ask someone who's~~e~~ just left such awesome responsibility and such a lofty position in government to suddenly having the plug entirely pulled, and I wanted to know what his thoughts were at the moment. He just said I'm very tired. I think, I have heard he testified pretty much that he was pretty frazzled during that time period and he had more energy he might have been able to stay on and do things differently, but he just didn't. It was a very intense period of time for everybody, which it is anyway. This was just an added feature, this Iran problem.

Q His mood was certainly not upbeat.

A No. There was a sense of relief, though. There was definitely a sense of relief. He was not hopelessly tied to that job and that office. There were many times

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m42 in the past he had expressed frustration to me and thought about other things in life.

MR. VAN CLEVE: I want to move on to a couple of other subjects if I might.

BY MR. VAN CLEVE:

Q Starting -- these have to do pretty much with the period of November 20, through 25, these questions. I'm going to try to be chronological but I may have to skip around just a little bit.

Do you recall on the evening of November 20th you had a number of phone conversations with Mr. Cooper?

A Yes.

Q Are you able to recall the nature of the concern that Mr. Cooper was expressing to you at the time? As we know now of course, the Attorney General met with the President the very next morning apparently on this same subject. I wonder if you could tell us in Mr. Cooper's words if you can remember them but if not, in your own, what precisely it was that Mr. Cooper was conveying to you that he was concerned about.

A Well, he was concerned about the testimony of Director Casey, which was to occur the next morning and he wanted to insure that it was obviously accurate and that there was consensus within the senior levels of the Administration that everybody agreed that's what really

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happened.

Q Can you be a little more descriptive about it? Did he say look, you know, Casey is over here and he's going to testify this way and Shultz is over here and he's going to do this?

A No. I was at the meeting when the testimony was discussed on that Thursday afternoon.

Q I know.

A There was a disagreement between CIA and NSC, specifically North and Casey, as to how to characterize the request for the aircraft used in transporting the Hawk items from Israel to Iran. Now that I have the benefit of knowing that the finding in fact existed and was signed but was never communicated to the CIA, I can appreciate for the first time the reason for that disagreement and misunderstanding. The CIA did not want to go on record certainly with their two favorite oversight committees, the fact that they had done an operation without a finding. They had never been told that the finding, in effect, had been signed or had been superseded by the January 17th memo or had been ratified or had been encompassed by an oral finding or all these other theories that are floating around town. Therefore they did not want to have it appear that they just out of the blue would take a phone call from somebody or make an

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aircraft available, apparently.

There was a lot of discussion as to how to best characterize that particular paragraph, which was early on in Casey's testimony. And as I understand it, it wasn't resolved during that meeting. Casey and North went out to try to work on it, I think. My equity in this matter was to insure that Poindexter was ready for his role, which was to brief the two committees the next morning. And Cooper was there. He and I went up I think to see Wallison to fill him in on what was going on, and we were just generally left without resolution of how to treat this fact.

Q I recall that those were the events of the afternoon and I think you have previously testified to them. My question had to do --

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Q I recall that those were the events in the afternoon,and I think you testified to that, but my question related to the evening phone calls. Let me start by asking when Mr. Cooper called was he slightly concerned, somewhat concerned, or very concerned, that the matters had not been resolved? What did you take to be the level of his concern about what was going on? By this time, of course, as we know and I think you are aware, the State Department is waiting and said they have gotten notes that demonstrate --

A I didn't know that until Cooper told me.

Q That evening?

A Yes. He told me that evening. Apparently State had weighed in already with Wallison and with Cooper, but they had not told me about this. If they had information dealing with that aspect of it, it would have been helpful if they would have told me. I was definitely trying to help gather information on the events from the fall of '85.

To my understanding, the only two people that knew anything about it were McFarlane and possibly North, although he was very vague on this subject, and if Shultz had known anything about this for a year or so, certainly in the last couple of days it would have been helpful if he told me that. Cooper did finally tell me on the evening of Thursday night there was in fact State knowledge of the Hawk shipment.

I said, well, in that case, that needs to be

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confirmed by McFarlane. That is his rendition of it, and incorporated into either the briefing or the testimony. So we left it that I would call Poindexter, which I did, asked him to call McFarlane to find out what his recollection of it was.

Apparently McFarlane and Shultz had talked as long as November of '85 in Geneva. Cooper and I talked a couple of times and then finally Cooper talked directly to Poindexter. Cooper's level of commitment was high, but it was based partly on the fact that he did not yet, I believe, have the testimony at hand. It was still coming down the river, so to speak, and I think he was a little nervous.

It was late at night. The Attorney General was out of town, and it was something that if you are not used to 11th hour of preparation of testimony you would get nervous about, and I think he certainly conveys those concerns to me, and I immediately called Poindexter and I know Cooper and I talked one more time I believe, and I told him we still had not heard from McFarlane.

McFarlane, during that time, was inaccessible. He was out and about, but I don't know where he was. I never did talk to him, I think, during the fall of '85, but the only people that did -- North and Poindexter -- were asked to try to get with him and work on the --

BY MR. BALLEN:

Q The fall of 1986?

A '86, yes.

BY MR. VAN CLEVE:

Q Did Cooper ever express concern to you that someone might in fact be prepared to intentionally misstate the facts with respect to the Hawk statement?

A No. He was more lawyerly than that to me. He depicted Casey's testimony as being inherently incredible, which I think is a diplomatic way of saying what you were asking me, but he couched it in those terms, meaning that we are not that far from resolving the thing, but the way it reads now, it just does not make sense.

The CIA would not respond the way they did, providing support, unless they had more authority or some basis for doing so, and of course, none of us knew at the time that there could have been good basis -- the finding, in other words -- which could have been added on to this whole presentation. So I mean, it was clear that we had not yet resolved it by midnight of Thursday night.

Q On the 21st you testified earlier today that you were present when Admiral Poindexter ripped up what you now believe may have been the finding that was signed on December 5, 1985 by the President. Is that correct?

A Yes. I am basing that on his testimony, and the coincidence seems to be there.

Q As we sit here, do you have any independent recollection as to whether or not Colonel North was present when that occurred?

A No, I just can't picture North at that meeting. North rarely stood still for more than a couple of minutes, and this was a meeting in which it was more of a strategy meeting, and I think North could have been there or not. I just don't recall. I was very preoccupied myself.

BY MR. BALLEN:

Q Earlier you testified North was there.

A The schedule shows North there.

MR. VAN CLEVE: He said he assumed North was there.

THE WITNESS: I assumed, based on Poindexter's statement, and the calendar which shows the meeting with North.

BY MR. VAN CLEVE:

Q But you can't say that you have a clear recollection?

A No.

Q I notice that on Friday afternoon, the 21st, there is a notation on Admiral Poindexter's schedule of a meeting that began at, it says 1:27 p.m., lasting until 1:55 p.m. That is about a half hour, and Ron Sable and Paul Thompson are listed as the attendees.

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Q Ron Sable, I gather, is one of the Congressional Affairs people for NSC?

A Yes.

Q Paul Thompson?

A Yes.

Q Can you recall what the purpose of that meeting was?

A Yes, the purpose was to comment on and cross-brief Sable and Poindexter on the morning's briefings on the Hill. I assume Sable went to those briefings with Casey. We would normally have that happen, and he probably came back to report to the Admiral as to how the briefings went.

Q Was there any discussion at that meeting of the manner in which Director Casey had handled the question of the 1985 Hawk shipment?

A No, I don't recall the discussion. It could very well have been. I would imagine there would have been. I don't think I ever saw Casey's final testimony, and I certainly didn't see a transcript of what he said up there, so I don't know the answer to that.

Q Was it your understanding by that point though, that the Justice Department was satisfied on that question? Let me just step back here. The Attorney General had met with the President of the United States that morning to talk about the 1985 shipments, correct? You knew that, didn't you?

A No.

Q I asked two questions?

A Two questions?

Q Take them in sequence.

A I was not aware of the meeting that Meese had with the President or the subject matter of it at all. All I knew was that we were trying to piece together what on earth happened during the fall of 1985, and the team from the Justice Department had become sufficiently disillusioned with the events in the last couple of days, such as the last minute testimony of Casey and the perceived inability that CIA, North and others had of putting together a final chronology and getting this thing moving, and they were aware of the increased congressional interest that they wanted to come in and try to do this themselves.

Q By the time that you and Ron Sable met with Admiral Poindexter, the Admiral, the Attorney General and the President had all met?

A Yes.

Q This subject had been discussed, and did you know at that point --

A No.

Q That the Justice Department was going to become involved?

A No. I don't know when the Admiral told that. He may have told me that and given me that accordion file referred to earlier either before or after that meeting.

Q You just can't say with certainty one way or another?

A No.

Q Whether he knew about the Justice Department inquiry at that point?

A That is correct. It is important to understand -- I don't know what is your understanding as to why the Justice Department was over there.

Q If you will permit me, that is what I have been trying to find out, is what your understanding is. If you would like to tell me, this is a good time.

A Why don't you tell me what you want to know and I will let you know if that is right?

Q Commander, you were considerably closer to these events than I have ever hoped to have been.

A Has anyone ever asked Cooper or the Attorney General as to why they were over there?

Q Mr. Cooper has been a public witness before the committee? I can't summarize his testimony for you here. I have been trying to get you to tell us your understanding of these events today.

A Sure.

Q That is really the subject of the deposition. Without further ado, if you would like ti describe it for us, we would be pleased to hear your version.

A I have never yet to hear from anybody -- people have said isn't it unusual for the Attorney General and his team to be running around the White House looking at documents but I was just curious as to what their answer to why they were over there was.

My understanding of it is that -- and first of all, I met with the Attorney General in early November, and told him that this was becoming an item of great interest, as he well knew of course at that point, to lots of people, and I wanted to find out from him -- I remineded him that he had provided a legal opinion as to the finding, could now become public, and that it would become necessary for us to rely on him to provide the legal justification for the finding. So I asked him for a point of contact, since certainly didn't see myself dealing with him, but it was readily apparent to me that we needed to have increased involvement with the Department of Justice during the next several days.

He said he would have Kenneth Cribb, who was the only other person there during this little exchange which took place in our little suite of offices, call me in a couple of days with a name, and that was done the following Monday, I believe. I was told Chuck Cooper would be the person I would work with on this. And when Cooper came over, I briefed Cooper and explained to him the fact that this was a finding, a covert activity, it was not done pursuant to other rules and regulations, because it was determined by the Department of Justice or by the Attorney General that that would be a way to do this particular operation.

He said he would have to go back and find the various authorities. It was obvious that he was not familiar with it at that time. He and I then worked closely for the next several days and weeks in trying to bring together the facts and the background on this thing so we could respond to the evolving requests for information from the outside world.

The Attorney General was obviously being brought in more and more too, as time went by, because, as a senior member of the Cabinet and the National Security Advisors, one of the National Security Advisors to the President, he was being called upon more and more to get involved. But the point is from my vantage point I saw Cooper and Reynolds and Richardson, and the Justice Department team, obviously there to assist and be an extension of our legal shop, which is very small in the NSC Staff, helping us to solve a problem.

But they also had their own parochial interests in that the Attorney General had provided the legal basis for this, and he wanted to make sure that he was able to continue to defend the thing legally, so he had his own interest in pursuing this. So if you put the two together, it makes sense for them to be over there. Neither of those standards come anything close to a criminal investigation or even an internal investigation, such has been referred to in the press or elsewhere.

Q I follow --

A And that thing evolved. That is why they were there for the testimony. That is the only reason they were there for the testimony.

Q On the 20th?

A Yes. That is why Cooper was the recipient of chronologies, testimony, everything else as it came along. Everything I had I gave to him.

Q In a rather round-about way, Commander, you have gotten to the point of my question of a few minutes ago. That is, I am trying to determine whether or not on the night of November 29th Mr. Cooper had adopted a somewhat different perspective on his role because of what he had determined about the State Department's views on the afternoon of November 20th, and I can be more precise than that if I need to, but you have just given a very good description of the normal agency legal process with the Department of Justice.

They service as outside counsel. That is their job. They were assisting you as outside counsel. What I want to know about the night of November 20th is had they gotten to the point where outside counsel was beginning to wonder how truthful his client was being to him?

A I think the words inherently incredible would be certainly relevant to describe the fact that they had become disillusioned with the flow of information from the fall of '85, but it was still I think premature to pinpoint anybody as being responsible for that, because the people that we could tell that knew were the ones that had worked the problem and they were no longer around, so I am just not sure when he crossed over that threshold to say hey, I just don't believe these things. Because, certainly to me, and I by no means at that point consider myself to be naive in this issue, but I had not yet crossed over that threshold.

It still seemed to me that we were dealing with a problem of transition between the National Security Advisors and staff members and so forth, and it wasn't clear at all that the finding, the evolution of the finding, was not something that frequently occurrs when you slowly evolve into a covert action. You may test the waters first, you may have any number of meetings, emissaries and so forth, and eventually end up signing the finding, so on the face of it that seemed still credible enough to me that my conversations with Cooper did not tell me anything differently.

As I said, he never, until that evening, even told me about State's concern, so I can't tell when he crossed that

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threshold. Right through Saturday, when I was there with Reynolds and Richardson, I saw it as a two-pronged tee. They were there to build their own case to justify their legal advice and they were there to help us straighten out the problem.

Q And that was basically how they described what they were doing to you, is that the thrust of it?

A Sure.

Q On the 22nd, and you have testified about this some, and I hope not to be repetitive, I want to ask you first, when you met Colonel North that day, did he say anything to you at all -- let me ask you this first, to step back.

You indicated that when you went into the office roughly at noontime, Colonel North was there. I took from your manner a few minutes ago that you were a little bit surprised to see him there. Were you surprised?

A No, I don't think so. He almost always came in on Saturdays.

Q And did he say anything to you at all at that point in a complaining sort of way about the shredder not working?

A No, I don't think he did. I don't remember when we talked about the shredder. Someone told me during that time period that the shredder was not working, but I don't think it was North.

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Q When you say someone told you during that time frame did you mean on November 22nd?

A No. During that weekend or after the fact. Maybe it was after the fact.

Q Can you be more precise?

A No. I have tried to be. I just can't recall. There were shredder conversations that took place as to was North shredding, could North shred, did North have the access to the originals to shred them. Did North have a shredder, those sorts of questions.

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Q When did these conversations occur and with whom?

A Throughout that week period. It occurred with the press, with Brenda, with Rod McDaniel.

Q You were being asked about your knowledge on that point within the next few days by various people? Is that what you are telling us?

A Yes. I was unaware until I once again saw it on television that North had actual access to original documents. I thought he only had copies of documents, and I explained to the press and other people during that time period that I thought it was physically impossible to shred documents in the definition of a document being the original, because I said he would not have access to them.

It turned out that that was not the case, because he did in fact have access to some.

Q But if I understand your previous answer, you said that at about that time, meaning November 22nd or within a few days thereafter, you recall someone having told you that there had been a problem with the shredder over that weekend?

Can you be any more specific than that?

A No. Brenda Reager came over on the Tuesday, the 25th, and said she wanted to seal off North's office, and it sounded like a reasonable request. She may have said there were reports of shredding, she may have said, "My shredder doesn't work." She may have said that.

Q And I take it that at no time on the 22nd did you observe Colonel North using the shredder.

A No, I have never seen him use a shredder.

Q Did you attend any part of lunch that Admiral Poindexter and the Director had on November 20?

A No.

Q Did Admiral Poindexter, Director Casey or Colonel North say anything to you at all about what was discussed at that lunch?

A No.

Q Is it unusual for Admiral Poindexter, even on a Saturday, to spend two hours at lunch with anyone?

A Yes, it would be unusual. That is a long time, but if it is a discussion, then it wouldn't be unusual, and if it is with one of his three major counterparts, then I could easily see it happen. He would often spend hours with Shultz.

Q You were in the office that day.

A Yes.

Q You recall seeing Director Casey when he came in?

A No, I don't. I must have been over with Brenda or doing something else. I just can't remember seeing him at all that day.

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Q Is the mess open on Saturday?

A Yes.

Q So that is probably where they had lunch.

A No, no, they had lunch in the Admiral's office.

Q In the office.

A I think so. I think it says on here.

Q You don't recall ever seeing Director Casey either before, during or after the lunch?

A No, I don't remember.

Q Doesn't that suggest that you were probably out of the office during the two-hour period?

A Yes, or out the door. My office was closed. I was on the phone or in the deputy's office, not looking out of my desk when he walked by.

Q Would it have been unusual for Colonel North to attend the lunch between Admiral Poindexter and Director Casey?

A No, certainly not in this time period when these were the two people that were visibly involved in an activity that was under such interest.

Q To your knowledge, Commander Thompson, did Admiral Poindexter have the necessary pass word to use System 4?

a Not to my knowledge.

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Q And did you ever have the pass word for System 4?

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A No.

Q I take it then that you never did give the System 4 pass word?

A No.

Q And to your knowledge Admiral Poindexter never gave any one the System 4 pass word?

A No.

Q And is it your testimony that at no time did you destroy any documents that related to the Iran or the contra issues?

A Absolutely not.

MR. VAN CLEVE: That is all I have.

MR. BALLEN: Dick?

MR. GIZA: I will finish up with actually two short questions.

BY MR. GIZA:

Q During your time working for Admiral Poindexter when you were at the White House, did you ever sit in on or hear any discussions concerning oral findings?

A No. The only time I even saw the word was when the Attorney General used it, I believe, in December.

Q What about retroactive findings? Were you knowledgeable of any findings that were made after the fact?

A No. I am not aware of any at all. Obviously this one referred to earlier here today could be conceived

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as such. To my knowledge, this is the only piece of paper that was ever dealt with in this particular manner. All other findings came up through the formal [redacted] clearance group, and ended up being processed from the DCI, from the National Security Adviser through the NSC, if necessary, to the President.

I am just not aware of any other items.

MR. GIZA: Thank you very much.

MR. VAN CLEVE: Nothing further. Thank you.

THE WITNESS: I would like to say that this is my 13th appearance in front of either these committees or the special prosecutor, independent counsel or grand jury, and I have spent over 100 hours discussing these issues, and I have done so in the light of cooperation, as asked to by the President, and I certainly hope that this has been time well-spent. Thank you.

MR. BALLEN: I will just state for the record this is your third appearance up here.

MR. VAN CLEVE: That's correct.

MR. BALLEN: It is clear that you have had three appearances.

THE WITNESS: I have actually met with actual members and counsel to this committee on a fourth occasion, and I have met with --

MR. VAN CLEVE: I might say, Commander, not to my knowledge.

MR. BALLEN: Not to mine.

THE WITNESS: I am now stating for the record I have done so.

MR. VAN CLEVE: If you would like to state for the record who that was, I would be appreciative.

MR. BALLEN: Me, too.

MR. VAN CLEVE: Because I can assure you I have not been told that that occurred.

MR. BALLEN: I have no knowledge of that either so why don't you tell us about that.

THE WITNESS: I will tell you that I met on June 16 of this year, I met with Senator Rudman and Senator Nunn, and the counsel for the Senate Committee, Mr. Lehman, and Mr. Belnick in a session in which the five of us had a very frank conversation.

MR. VAN CLEVE: Was there a transcript made of that?

THE WITNESS: No.

MR. VAN CLEVE: Were notes taken.

THE WITNESS: Just by me. I then met with Mr. Belnick and Mr. Smiljanich, Terry Smiljanich, on the following Friday in June for what turned out to be a two-hour session, in which we extensively scheduled a lot of subjects, once again not recorded.

BY MR. VAN CLEVE:

Q Was this at the request of the committees, may I ask or at your request?

A It was certainly at the request of the committees. The meeting with the members cost me about $250 to travel here, and the meeting certainly with Mr. Belnick was at his request. I should point out that even though, as has been stated, I have only gone on record now for the third time with this committee -- am I talking to the House today?

Q That is correct.

MR. BALLEN: When you finish, I will go on the record in that regard.

THE WITNESS: I came up here on --

MR. BALLEN: If I can help you, Commander --

THE WITNESS: Monday, March 9.

MR. BALLEN: March 9 and April 28 are the two times I was aware of prior to today.

THE WITNESS: I came up to the House side, and I met with the House members on Tuesday the 28th of April. I went to the Senate side to meet, as I understand with the Senate side, and there was no Senate representatives there. I talked to the House people.

MR. BALLEN: Let me correct the record so that you are clear on this and we are all clear. If you want to amend my remarks, you can. I think for the record this is a joint investigation. On both your prior appearances that were under oath, both on March 9 and April 28, they were appearances even though one denominated on the Senate side and one is denominated on the House side.

They were appearances where both the Senate and House were notified and I believe on both of them -- I know on the second one, they had representatives of both present, and they were conducted pursuant to the joint investigations.

Those were the only two that I knew of, and that I believe that the House side knew about as having been where your presence was requested. We were not informed, the members of the House side, to my knowledge, were not informed of these other meetings you had with the Senate. I apologize for stating that you had only been up here on two prior occasions, but that was my understanding, and that is all that we were informed of.

MR. VAN CLEVE: I would just like to say for the record as far as I know Mr. Ballen's comments are entirely correct, commander. I am not aware that we were ever notified by representatives of the Senate that your appearance on two separate prior occasions had been requested, because as a general proposition, it has been our view that you have had interesting and unusual testimony for the committee, and had we been so notified, I think you can safely assume that a representative of the House Committee would have been present, and so I would not want to leave you with the impression that the House gratuitously invited you here, yet again, despite your full knowledge of these prior events that I have now learned about for the first time 5 minutes ago.

MR. VAN CLEVE: May I ask on either of those prior occasions -- I know they weren't recorded, but did you describe for the representatives of the Senate the testimony you have given today with respect to your conversation you had with Admiral Poindexter about the diversion?

THE WITNESS: No, I don't believe I did, no. Each of those meetings were coordinated through White House Counsel, which is supposed to be the central clearinghouse for, as I understand it, both committees, and for the White House, and I only proceeded through those channels, so I am surprised to learn that you were not aware that I had been up here, but the point is --

MR. VAN CLEVE: I am sure we are surprised.

THE WITNESS: If you count the various investigations that were going on --

MR. VAN CLEVE: I would like to assure you we are equally surprised.

MR. BALLEN: I would like to join in Mr. Van Cleve's remarks, and just say to you that this deposition, had we been aware of previous meetings, this deposition, A, might not have been necessary, or, B, might have been conducted in a very different fashion, and because we were not aware of your prior meetings, we brought you up here today so that your number of times being brought up here perhaps could have been less had we been informed properly as we should have been.

MR. VAN CLEVE: Again, I would like to thank you.

MR. BALLEN: I would like to thank you in any event.

THE WITNESS: After a while, this gets to be quite a tax on my professional and personal life. It gets expensive to keep coming back and going over the same issues.

MR. BALLEN: That's right, but I want you to understand that that was not done from our part, because as you just found out, we were unaware of two prior extensive meetings you had with the Senate. We might have been able to avoid today.

THE WITNESS: I want to also thank Tim Keating here for being very helpful and being an extremely useful conduit between me and the committees.

MR. BALLEN: Thank you.

MR. VAN CLEVE: Thank you very much.

(Whereupon, at 4:00 p.m., the deposition was concluded.)

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WITH TOP SECRET
ATTACHMENTS

TOP SECRET

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

6512 23 Aug 85

PT Exhibit #1

N 29812

August 23, 1985

INFORMATION

UNCLASSIFIED

MEMORANDUM FOR PAUL B. THOMPSON

THROUGH: W. ROBERT PEARSON RL

FROM: DONNA M. SIRKO DS

SUBJECT: Congressman Barnes' Request -- Computer Search

We've completed the computer search in all systems using the categories of NORTH + NICARAGUA + about a dozen individual keywords so that the search was narrowly focused, as was the request, but reasonable.

-- SYSTEMS I and II: All items are "filed" PA or White House. Of the 24 items (a number of duplicates because two or more keywords used in the individual searches appeared in the description line), another look reveals that in really broad terms maybe five need to be pulled. Descriptions are aid (no indication of what type) to resistance and funding, trip briefing, warfare manual. I've attached the profiles (first the possible five to be pulled, then the remaining) to give you a better picture.

-- SYSTEM IV: Items are "filed" institutional (I believe a part of "why?" is that if the documents were filed as PA or WH, they would be transferred to the Presidential Library for custody at the end of the administration; as institutional, they are ours). Of the 22 items, possibly four to be pulled (per Jim Radzimski's manual search). I've attached all profiles (he's not indicated which items would be considered) for your review.

-- CMC: Per Kevin Latham, the tape run has so far revealed nothing.

[redacted] Declassified/Released on 10Feb88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Attachments

Tab I	Barnes' Request
Tab II	BSR to JMP Memo
Tab III	SYS I and II Profiles
Tab IV	SYS IV Profiles

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5743

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WITH TOP SECRET
ATTACHMENTS

TOP SECRET

20 Aug 85

6512

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

N 29813

August 20, 1985

UNCLASSIFIED

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: BRENDA S. REGER BSR

5744

SUBJECT: Barnes Request

Before we can decide how to respond to Congressman Barnes' request for documents, we must determine whether any exist and are retrievable and, whether they are White House or NSC.

In past instances of allegations of this kind (e.g. Billy Carter and Libya, Dick Allen, etc.) we have treated the request as broadly based for all records whether NSC or White House but hav maintained them as separate issues within the request. At the same time, the search should be as narrowly focused as was the request. In this case, Congressman Barnes has focused on "...documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebel leaders as of...October, 1984."

There is unlikely to be a great deal of documentation such as is described but we should search the files only on that basis. Fishing expeditions in all files relating to Central America and/or Nicaragua are NOT necessary to respond to the request.

Secretariat usually does searches in response to Congressional requests, but in this case I can have Donna search NSC and Presidential Advisory files by computer here in my office and as Intel and CMC to do the same in their files. I will brief Jim Radzimski and Rod's person on how to conduct the narrowly define search in their files.

Working files in staff member's offices are NOT subject to this or any other kind of searches since they are "convenience files" generally made up of drafts, and/or copies of documentation in the institutional and Presidential Advisory files. I therefore see no need to search whatever "convenience files" Ollie may hav in his office.

Appointment logs and/or telephone logs however have become favorite targets of such inquiries (e.g. Zbig and staff in the Billy Carter thing, Wick, Ann Burford, etc.) and we must be prepared to deal with that issue. I wasn't involved in the handling of the issue for Zbig on Billy Carter but as I recall they "created" an excerpt listing of times and dates of telecons and meetings Brezinski and other staff had from their logs rathe than provide the logs themselves. (We could check Kimmitt's files and/or ask him or Brezinski if you like.)

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by K. Johnson, National Security Council

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UNCLASSIFIED N2[illegible]814

It may be in our interest to be terribly forthcoming and bury Mr. Barnes in logs of dates and/or names re meetings and telecons or perhaps to offer to do so putting him on notice that the logs give times and dates but no substance.

Before we provide any response to Barnes, however, we need to know the scope of the documentation on contacts. Once we have that, the legal issues can be addressed.

Recommendation A

That you authorize me to start a search of the Secretariat, Intel, CMC files (both Presidential and NSC) as described above:

Approve______ Disapprove__________

Recommendation B

That for now we limit the search on the appointment and telephone logs to Ollie sampling his telephone and appointment calendars to give us a sense of what they consist of and of the potential relevance to the request.

Approve______ Disapprove__________

UNCLASSIFIED

PT Ex #2

N 29775 TO
N 29780

DENIED IN
TOTAL

5745

UNCLASSIFIED

Missing

15 NOV 86

PT-3 is a working sheet, perhaps related to a search done on the NSC System IV Computer during the summer of 1985

NSC #29775 through NSC #29779 and NSC #29780

The date Nov 21, 1986 is listed in the middle of the sheet

EX #3

5746

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

UNCLASSIFIED

11/12/8

1600

[redacted]

Dole
Byrd
Wright
Michel

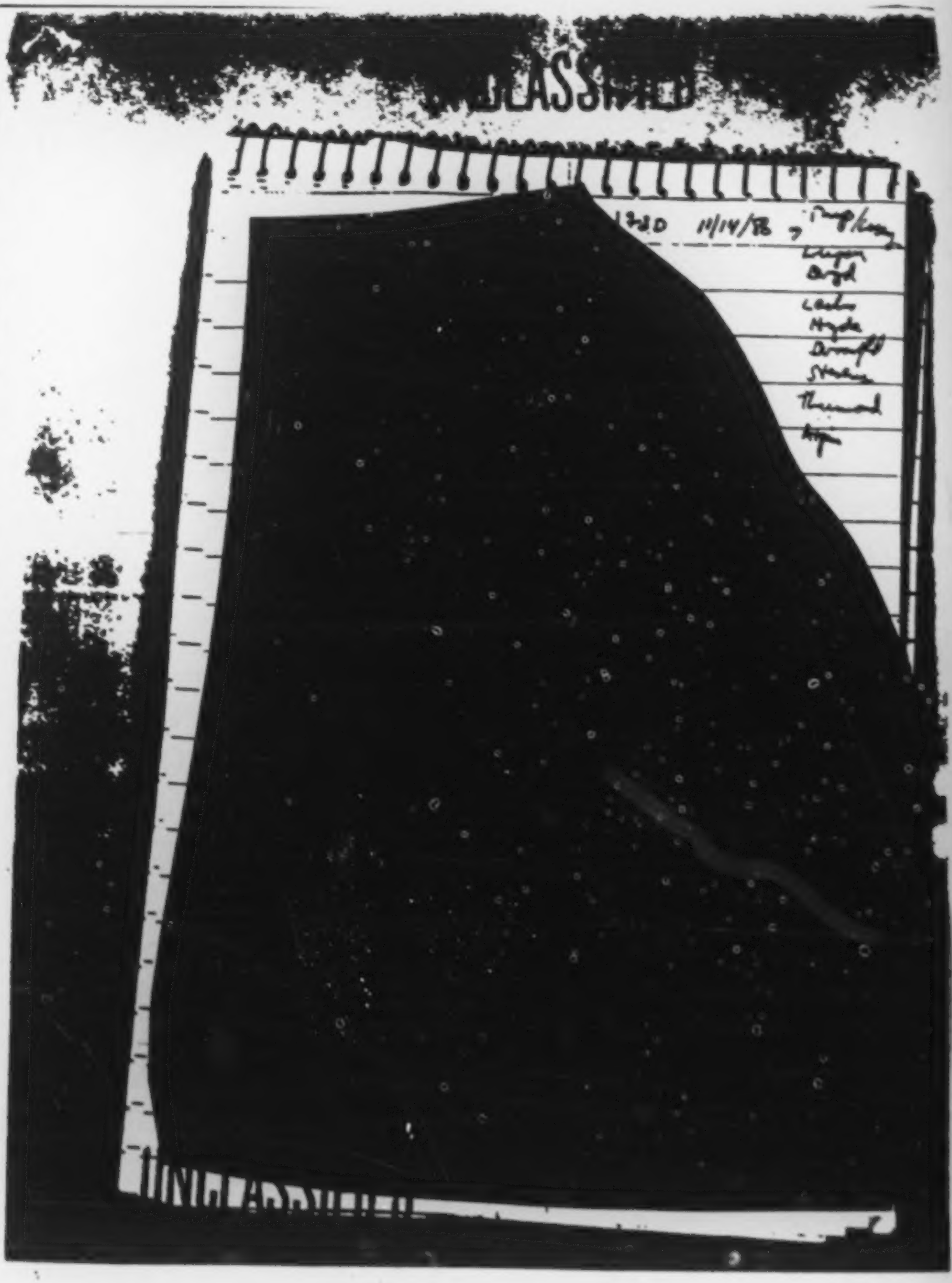
P
VP
Shultz
Wein
Meese
Casey
Regan
Poin
Keel
Ball
Speakes

11/13/86 PBT

21 following pages

DENIED IN

TOTAL



CLASSIFIED

1320 11/14/86 7 [illegible]/Kerry

[redacted]

Leahy
Boyd
Cohen
Hyde
Durenberger
Stokes
Thurmond
Hyp

UNCLASSIFIED

11/14/86 PBT
5 following pages

DENIED IN
TOTAL

11/21/86 PBT
7 pages

DENIED IN
TOTAL

11/21/86 P&T

3 pages

DENIED IN

TOTAL

UNCLASSIFIED

11 APR 85
PT Ex.#4

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

N 1059

TOP SECRET SENSIT

TOP SECRET

NSC/ICS CONTROL NO [illegible]

COPY NO 3 OF 4

HANDLE VIA SYSTEM IV CHANNEL ON

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 10 FEB 88
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by K. Johnson, National Security Council

5747

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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TOP SECRET SENSITIVE

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TOP SECRET

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC ICS-[illegible]

N 10592

April 11, 1985

TOP SECRET **SENSITIVE**

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds which have been made available since USG funding expired in May 1984. From July 1984 through February 1985, the FDN received $1M per month for a total of $8M. From February 22 to April 9, 1985, an additional $16.5M has been received for a grand total of $24.5M Of this, $17,145,594 has been expended for arms, munitions, combat operations, and support activities:

-- most expenditures have been for purchases of arms, ammunition, and other ordnance items;

-- the $2.5M indicated for upkeep of base camps on the [redacted] [redacted] borders includes costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters;

-- the funding has allowed the growth of the resistance-from 9,500 personnel in June 1984 to over 16,000 today--all with arms;

-- when the May 1985 sealift arrives ($5M has already been deposited for this delivery), an additional 6,000 fighters can be equipped and fielded after a 3 week training period;

-- the relocation of base camps along [redacted] border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack (cost for this relocation have not yet been fully quantified);

-- the acquisition of two small transport aircraft at the cost of $186K is prudent given the increased patrolling activity by the EPS along [redacted] border, thus complicating trail-borne resupply for columns operating deep inside Nicaragua.

TOP SECRET **SENSITIVE**
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TOP SECRET

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N 10593

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type operations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year.

Future Operations

Plans call for remaining resources ($7,354,000) to be used as follows:

-- increasing the force to a total of 25,000 by mid-Summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinity of Siuna, Bonanza, and La Rosita (Nicaragua)--the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M which the USG may be able to provide will help to defray base camp, training, and support expenses but will not significantly affect combat operations until early Autumn due to lead-time requirements. Efforts should, therefore, be made to seek additional funds from the current donors ($15-20M) which will allow the force to grow to 30-35,000. If a commitment for these funds is made between now and June 1985, supplies could be ordered in July, allowing the force to reach these levels by the end of October 1985.

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TOP SECRET N 10594

RECOMMENDATION

That the current donors be approached to provide $15-20M additional between now and June 1, 1985.

Approve _____ Disapprove _____

Attachment
    Tab A - Summary Analysis of FDN Expenditures

UNCLASSIFIED

UNCLASSIFIED

N 10595

UNCLASSIFIED

UNCLASSIFIED

N 10596

As of April 9, 1985

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		[redacted]
[redacted]	G-3 rifles	
	Magazines	
	Rounds 7.62 x 51	
	Rounds 7.62 x 51	
	Hand grenades	
Airlift #1 - February 1985		
[redacted]	81mm grenades	$
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
Freight, Demurrage, Ins., etc.		
Airlift #2 - March 1985		
750,000	Rounds 7.62 x 39	$ 210,000
1,000	RPG-7 grenades	265,000
8,910	Hand grenades	84,645
60	60mm mortars	96,000
[redacted] Kgs	C-4	[redacted]
[redacted]	Fuses and detonators	
	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
Freight, Demurrage, Ins., etc.		
Sealift #1 - April Arrival		
[redacted]	RPG-7 rockets	$
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
Freight, Ins., and other exp		
[redacted]	M-79 grenades	

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FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Sealift #2 - May Arrival

Quantity	Item	Cost
[redacted]	Rounds 7.62 x 39	
[redacted]	Rounds 7.62 x 51	
[redacted]	Rounds linked 7.62 x 51	
[redacted]	Hand grenades	
[redacted]	M-79 grenades	
[redacted]	60mm grenades	
[redacted]	81mm grenades	
[redacted]	82mm grenades	
[redacted]	RPG-7 rockets	
[redacted]	Claymore mines	
[redacted]	50 cal API	
[redacted]	12.7 ammo	
[redacted]	57mm recoilless rifles	
[redacted]	57mm ammo	
[redacted]	Anti-tank mines	
[redacted]	G-3 rifles	
[redacted]	G-3 cleaning kits	
[redacted]	AK rifles	
[redacted]	G-3 magazines	
[redacted]	AK magazines	
[redacted]	Swedish K magazines	
[redacted]	HK-21 machine guns	
[redacted]	RPG-7 launchers	
[redacted]	M-79 launchers	
[redacted]	9mm pistols	
[redacted]	AK-39 links or belts	
[redacted]	C-4	
[redacted]	Fuses and detonators	
Deposit paid		
Estimated cost		

Miscellaneous Expenses Since July 1984

Quantity	Item	Cost
[redacted]	Uniforms	[redacted]
	Boots	[redacted]
	Radio and comm equip	[redacted]
	Air and ground transp	[redacted]
	Military gear	[redacted]
	Aid to southern front	[redacted]
	Aid to Misuras	[redacted]
	Food, family asst, upkeep of base camps, air force hospitals, etc.	[redacted]
	Political activity - offices in various countries and cities, travel, p.r.	[redacted]
	Acquisition two transp airplanes	[redacted]

UNCLASSIFIED

6 Feb 85
PT Ex #5

UNCLASSIFIED

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
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6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

TOP SECRET
~~N 9281~~

TOP SECRET

NSC/ICS CONTROL NO. 402003

COPY NO. 1 OF 4

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NSC INTELLIGENCE DOCUMENT

5748

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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TOP SECRET

Bot 1

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National Security Council
The White House N 9262

System # ____

Package # ____

	SEQUENCE TO	HAS SEEN	DISP
Paul Thompson			
Bob Kimmitt			
John Poindexter	1		
Tom Shull			
Wilma Hall			
Bud McFarlane	2	has seen	
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3		

I = Information A = Action R = Retain D = Dispatch N = No furt

cc: VP Meese Baker Deaver Other ____________

COMMENTS Should be seen by: ____________
(Date/Ti

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N 9283

THE WHITE HOUSE
WASHINGTON

Bud, 2/7

Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters I would readily recommend I bring the mtg at CPPG at 2:00 today.

Of course we could discuss from the standpoint of keeping the arms moving from Nicaragua without any involvement of Calero and Freedom Fighters. What do you think?

JP

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TOP SECRET

SYSTEM IV
NSC/ICS-40
Re-do

MEMORANDUM

NATIONAL SECURITY COUNCIL

February 6, 1985

N 928

TOP SECRET

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaraguan Arms Shipments

The Nicaraguan merchant ship, MONIMBO, is now in port at Taichung, Taiwan, where it is unloading cargo. It is estim for departure on tomorrow, February 7, enroute to [illegible] for main engine repairs. [redacted]

At this point, there appear to be three options:

-- The shipment could be seized and the weapons delivered the FDN;

-- the ship could be sunk; or

-- the shipment and the [redacted] parties involved therein co made public as a means of preventing the delivery.

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Declassify: OADR

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5MAR85
PT Ex #6

UNCLASSIFIED

TOP SECRET

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400215

N 7184

March 5, 1985

TOP SECRET

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: [redacted] Aid to the Nicaraguan Resistance

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey asking for their views on increased U.S. assistance [redacted]. Your memo is cast as suggestion which derives from trip to the region.

The real purpose of your memo is to find a way by which we can compensate the [redacted] the extraordinary assistance they are providing to the Nicaraguan freedom fighters. At Tab II are end-user certificates which the [redacted] provided for the purchase of nearly $8M worth of munitions to be delivered to the FDN. These nine documents are a direct consequence of the informal liaison we have established [redacted] and your meeting with he and [redacted]. The ammunition and weapons identified in these documents will be delivered in several shipments (2 by aircraft and 1 by sea) starting on or about March 10, 1985. All shipments will be delivered [redacted] be receipted for [redacted] and turned over to FDN representatives [redacted] on arrival. Adolfo is convinced, and I agree, that [redacted] have not removed or withheld any equipment/munitions from the FDN deliveries which have occurred to date.

During one of the meetings [redacted] in which the process above was arranged, one of [redacted] presented a "wish list" of items which they desperately need in order to prosecute their war against the Cuban-supported guerrillas. A copy of the list is attached at Tab III. Each of the items identified are in priority within four principal categories: Aircraft, Ground Forces Equipment, Weapons and Munitions, and Non-Tactical Military Equipment.

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K Johnson, National Security Council

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Your memo at Tab I does not refer to the arrangements which have been made for supporting the resistance through [redacted]. It does, however, urge that we take steps now to improve their situation. Once we have approval for at least some of what they have asked for, we can ensure that the right people in [redacted] understand that we are able to provide results from their cooperation on the resistance issue.

RECOMMENDATION

That you sign and transmit the memo at Tab I.

Approve ✓ Disapprove ____

Attachments
- Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
- Tab II - [redacted] End-User Certificates
- Tab III - [redacted] Military Equipment Requirements

UNCLASSIFIED

UNCLASSIFIED

N 7186

UNCLASSIFIED

16 MAR 85
PT Ex. 7

UNCLASSIFIED

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane	3/17	RM
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

JMP
Return to Ollie direct

TOP SECRET SENSIT

EYES ONLY

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N 10617

NSC/ICS CONTROL NO. 400246

COPY NO 1 OF 4

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NATIONAL SECURITY INFORMATION
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57
12/11/85
EC

EYES ONLY

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MEMORANDUM

TOP SECRET

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400246

N 10618

March 16, 1985

TOP SECRET **SENSITIVE**

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Fallback Plan for the Nicaraguan Resistance

The plan attached at Tab I has been developed, pursuant to our discussion on Friday regarding fallback options. It is premised on the assumption of a major Congressional budget battle and an assessment that the Congress will not rescind the restrictions in Section 8066 of the FY-85 C.R. (Tab A). Should you determine in your meeting with Senators Durenburger and Lugar (Tuesday, March 19, 0730) that the Congress will not endorse a resumption of USG support to the resistance, the plan at Tab I provides a workable alternative.

Secrecy for the plan is paramount. We could not implement such an option if it became known in advance and it also mandates that present donors continue their relationship with the resistance beyond the current funding figure. The plan would require the President to make a major public pronouncement which, in turn, must be supported by other Administration officials, resistance leaders, and regional Heads of State once it has been announced.

RECOMMENDATION

That, if Durenburger and Lugar indicate an unwillingess to support resumption of USG aid to the resistance, you discuss the attached plan with Secretary Shultz following your meeting.

Approve _____ Disapprove _____

Attachments
Tab I - Fallback Option Plan
Tab A - Section 8066 of the FY-85 C.R.

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Declassify: OADR

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N 10619

FALLBACK OPTION PLAN FOR THE NICARAGUAN RESISTANCE

Assumptions. The Congress is unwilling to support release of $14M in USG funds for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaraguan. The FY-86 budget is seriously jeopardized by Congressional action and will require a major effort on the part of the President immediately after the MX vote through mid-July. There will be insufficient time or assets available to organize the kind of Administration-wide effort required to achieve an affirmative vote in both Houses on the Nicaraguan resistance program.

Section 8066 of the law (Tab A) expires on October 1, 1985. There are currently $28M requested in the FY-86 intelligence budget for the purpose of supporting paramilitary operations by the Nicaraguan resistance. The current funding relationship which exists between the resistance and its donors is sufficient to purchase arms and munitions between now and October--if additional monies are provided for non-military supplies (e.g., food, clothing, medical items, etc.). The current donors will have to be convinced of the need to continue their funding for. munitions after October 1, 1985. A commitment for another $25-30M from the donors will be necessary for munitions in 1986 in anticipation that the $28M requested in the intelligence budget is not approved.

Concept. In lieu of forwarding the report to the Congress required by Section 8066 of PL 98-473, the President would announce on or about April 2 that the American people should contribute funds ("...send your check or money order to the Nicaraguan Freedom Fighters, Box 1776, Gettysburg, PA...") to support liberty and democracy in the Americas. He would note that the monies raised would be used to support the humanitarian needs of those struggling for freedom against Communist tyranny in Central America. By necessity, the speech must be dramatic and a surprise. It cannot be leaked in advance.

Prior to the speech, the following steps must be taken:

-- Calero, Cruz, and Robelo (the principle leadership of the Nicaraguan armed and unarmed resistance) must be covertly advised of this plan and must assure of their support.

-- The Nicaraguan Freedom Fund, Inc., a 501(c)3 tax exempt corporation, must be established and obtain a Post Office Box 1776 in Gettysburg, Philadelphia, Valley Forge, or Yorktown. (This process is already underway.)

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Declassify: OADR

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TOP SECRET N 10620

-- Presidents Suazo, Monge, and Duarte (and the appropriate leadership of each of those countries) must be apprised of this plan 1-2 days in advance of the announcement. They must be prepared to fully support the President's proclamation. 2/.

-- The current donors must be apprised of the plan and agree to provide additional $25-30M to the resistance for the purchase of arms and munitions. dci

-- Public groups and political action committees already mobilized for the Congressional campaign to relieve the 8066 constraints will have to be mobilized for the new approach (advertising, posters, ~~mailings,~~ phonecalls, etc.) several hours before the President speaks. reconsider

-- Assuming a Presidential speech on or about April 2 at 8:00 p.m., a briefing for senior Administration officials should be held at 7:00 p.m. that day in Room 450 OEOB to ensure that public commentary after the speech by these official is supportive of this proclamation unilateral

Additional Requirements.

-- Informal contact several months ago with a lawyer sympathetic to our cause indicated that such a procedure would be within the limits of the law. Fred Fielding should be asked to do conduct a very private evaluation of the President's role in making such a request.

-- The name of one of several existing non-profit foundations, we have established in the course of the last year, will be changed to Nicaraguan Freedom Fund, Inc. Several reliable American citizens must be contacted to serve as its corporate leadership on its board of directors along with Cruz, Calero, and Robelo &

-- Calero, Cruz, and Robelo will support support such an option if properly approached. They should then be photographed with the President on the day of his announcement and prepared to appear on U.S. and other media supporting the President's program. &

-- You will have to make a quick (one day) trip to the region, preferably the day before announcement in order to brief Heads of State and regional leaders. For obvious reasons, this must be a very secret trip.

-- The President's speech must be prepared in total secrecy much the same as Ben Elliott worked on the Grenada announcements.

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N 10621

H. J. Res. 648
P.L. 98-473

Ninety-eighth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-third day of January,
one thousand nine hundred and eighty-four

Joint Resolution

Making continuing appropriations for the fiscal year 1985, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1985, and for other purposes, namely:

Sec. 101. (a) Such sums as may be necessary for programs, projects, or activities provided for in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1985 (H.R. 5743), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1071), filed in the House of Representatives on September 25, 1984, as if such Act had been enacted into law.

(b) Such sums as may be necessary for programs, projects, or activities provided for in the District of Columbia Appropriation Act, 1985 (H.R. 5899), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1088), filed in the House of Representatives on September 26, 1984, as if such Act had been enacted into law.

(c) Such amounts as may be necessary for programs, projects or activities provided for in the Department of the Interior and Related Agencies Appropriations Act, 1985, at a rate of operations and to the extent and in the manner provided as follows, to be effective as if it had been enacted into law as the regular appropriation Act:

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H. J. Res. 648—39

N 10622

Army Reserve, Army National Guard or Air National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.

Sec. 8064. (a) The provisions of section 138(c)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1985 or with respect to the appropriation of funds for that year.

(b) During fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(c) The fiscal year 1986 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1986 Department of Defense budget request shall be prepared and submitted to the Congress as if sections (a) and (b) of this provision were effective with regard to fiscal year 1986.

(TRANSFER OF FUNDS)

Sec. 8065. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.

Sec. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

(b) The prohibition concerning Nicaragua contained in subsection (a) shall cease to apply if, after February 28, 1985—

(1) the President submits to Congress a report—

(A) stating that the Government of Nicaragua is providing materiel or monetary support to anti-government forces engaged in military or paramilitary operations in El Salvador or other Central American countries;

(B) analyzing the military significance of such support;

(C) stating that the President has determined that assistance for military or paramilitary operations prohibited by subsection (a) is necessary;

(D) justifying the amount and type of such assistance and describing its objectives; and

(E) explaining the goals of United States policy for the Central American region and how the proposed assistance would further such goals, including the achievement of peace and security in Central America through a compre-

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hensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives; and

(2) a joint resolution approving assistance for military or paramilitary operations in Nicaragua is enacted.

(c)(1) For the purpose of subsection (b)(2), "joint resolution" means only a joint resolution introduced after the date on which the report of the President under subsection (b)(1) is received by Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the obligation and expenditure of funds available for fiscal year 1985 for supporting, directly or indirectly, military or paramilitary operations in Nicaragua.".

(2) The report described in subsection (b)(1) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(3) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on Appropriations of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Appropriations of the Senate. Such a resolution may not be reported before the eighth day after its introduction.

(4) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of fifteen calendar days after its introduction, such committee shall be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

(5)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution described in paragraph (1), notwithstanding any rule or precedent of the Senate, including Rule 22, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(C) Immediately following the conclusion of the debate on a resolution described in paragraph (1), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

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(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in paragraph (1) shall be decided without debate.

(6) If, before the passage by the Senate of a resolution of the Senate described in paragraph (1), the Senate receives from the House of Representatives a resolution described in paragraph (1), then the following procedures shall apply:

(A) The resolution of the House of Representatives shall not be referred to a committee.

(B) With respect to a resolution described in paragraph (1) of the Senate—

(i) the procedure in the Senate shall be the same as if no resolution had been received from the House; but

(ii) the vote on final passage shall be on the resolution of the House.

(C) Upon disposition of the resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

(7) If the Senate receives from the House of Representatives a resolution described in paragraph (1) after the Senate has disposed of a Senate originated resolution, the action of the Senate with regard to the disposition of the Senate originated resolution shall be deemed to be the action of the Senate with regard to the House originated resolution.

(8) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution described in paragraph (1), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that [illegible]

(c) During [illegible] the resolution described in subsection (b)(2) for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaragua, shall not exceed $14,000,000.

[illegible] products of Indian industry may be made in open market in the discretion of the Secretary of Defense: *Provided*, That the products must meet pre-set contract specifications.

Sec. 8068. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

Sec. 8069. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional

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Guatemalan
End Users

ROUTING

To	Name and Address	Date	Initial
1	Robert McFarlane		
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3			
4			
5			
6			

XX	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS
cc: Oliver North (#2 and 3)
James Radzimski (#4)

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N 7182

NSC/ICS CONTROL NO. 400215

COPY NO. ______ OF ______

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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N 7183

National Security Council
The White House

System # ______
Package # ______

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Bob Kimmitt	2	K	
John Poindexter			
Paul Thompson			
Wilma Hall	3		
Bud McFarlane	4	M	A
Bob Kimmitt			
NSC Secretariat			
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No furth

cc: VP Meese Baker Deaver Other ______

COMMENTS Should be seen by: ______
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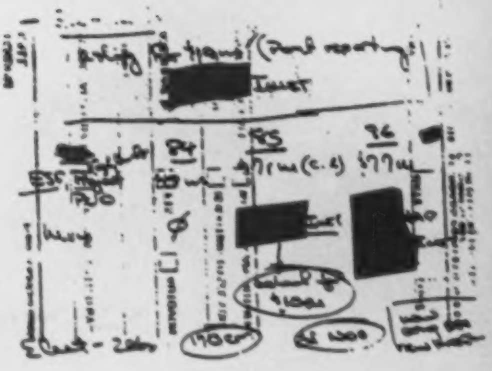

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THE WHITE HOUSE
WASHINGTON

April 6, 1987

MEMORANDUM FOR BRIAN MERCHANT

FROM: ALAN CHARLES RAUL
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Document for Independent Counsel

I hereby authorize you to release to representatives of the Independent Counsel the original of the following document:

NSC System IV No. 401214.

Thank you.

cc: Arthur B.Culvahouse, Jr.
Jay B. Stephens
William B. Lytton, III
C. Dean McGrath, Jr.
Paul S. Stevens
Brenda Reger
Peter D. Keisler
Judy Hetherton

~~Partially~~ Declassified/Released on 11Feb88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
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X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)
Jim Radzimski (#5)

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NSC/ICS CONTROL NO. 401214

COPY NO. 1 OF 5

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Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Security Council
The White House

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System # IV

Package # 401214

1463

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson	1	PT	
Bob Kimmitt	2	K	
John Poindexter	3	✓	
Tom Shull			
Wilma Hall	4		
Bud McFarlane	5	M	A
Bob Kimmitt			
NSC Secretariat Jim	7		R
Situation Room			
JP	6		

I = Information [✓ A = Action] R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other ______

COMMENTS Should be seen by: ______ (Date/Time)

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[redacted]

TOP SECRET December 4, 1984

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Assistance for the Nicaraguan Resistance

In accord with prior understanding, I met on Wednesday, November 28, with [redacted] Gaston Sigur arranged the luncheon meeting at the Cosmos Club and was present throughout.

As agreed, I explained to [redacted] our purpose in the meeting was to clarify questions which had been raised in [redacted] regarding an arms transaction destined [redacted]. I explained that an intermediary had advised that [redacted] apparently made a decision not to proceed with the [redacted] originated arms sale. This offer of purchase included 1[redacted]A-7 missile launchers [redacted], 30 missiles, 1 training unit, and 10 tracking units.

[redacted] professed to be unaware of the Canadian transaction. I advised him that the purchase was not really intended for use by [redacted] but rather for the Nicaraguan Resistance Forces. Further, the intermediary had indicated that the problem appeared to be the number [redacted] military officers who are graduates of the [redacted] As a consequence of the apparent reluctance to proceed with the sale showing [redacted] [redacted] user certificate, the [redacted] arms dealer is preparing to re-initiate discussions for a similar delivery [redacted] [redacted] [redacted] was advised that the FDN would prefer to have the delivery as soon as possible, since the Soviet HIND-D helicopters were being assembled as we spoke.

[redacted] was further advised that Adolfo Calero, the Head of the FDN, was willing to commit to a recognition [redacted] once the Resistance Forces had succeeded. [redacted] indicated that he understood the message and would confer [redacted] [redacted] He observed, for the record, that [redacted] refused to become involved, in any way, in the internal affairs of another country. I indicated that we fully appreciated this position and noted that it was too bad that the Soviets, Bulgarians, and East Germans involved in Nicaragua did not feel the same way.

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Later that afternoon, MGEN Jack Singlaub (U.S. Army, Retired) visited to advise of two meetings he had held early in the day regarding support for the Resistance. Singlaub passed on the following points:

[redacted]

-- The FDN is in urgent need of anti-aircraft weapons and other crew-served weapons ammunition (particularly 60 and 81mm mortar rounds). Units in the field are also in need of large quantities of boots and clothing since the number of ralliers has exceeded expectations by 2,000.

-- The Resistance Forces are also in urgent need of expertise in maritime operations.

-- The USG is unaware of the Singlaub mission and he is making this request based on his long friendship [redacted] Because of the law restricting USG involvement, no USG official can solicit on behalf the Resistance Forces.

-- If [redacted] like to help, Singlaub can arrange a meeting with Adolfo Calero. If it is necessary for a USG official to verify Calero's bona fides, this can be arranged.

[redacted]

-- By agreement with Calero, Singlaub advised [redacted] since [redacted] had turned down the earlier FDN request for assistance [redacted], the Resistance movement had approached the [redacted]

-- The Resistance still is in need of financial support, munitions, and training assistance.

-- [redacted] this was a "considerably different situation" than that which he had been aware of earlier. While not committing to support, he noted to Singlaub that this new information might make a difference [redacted]

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[redacted]

This weekend, at the request of Sec. John Lehman, I met with Mr. David Walker, a former British SAS officer who now heads two companies (KMS and SALADIN) which provide professional security services to foreign governments. Walker had been approached several months ago, prior to initiating the current financial arrangement for the FDN. In addition to the security services provided by KMS, this offshore (Jersey Islands) company also has professional military "trainers" available. Walker suggested that he would be interested in establishing an arrangement with the FDN for certain special operations expertise aimed particularly at destroying HIND helicopters. Walker quite accurately points out that the helicopters are more easily destroyed on the ground than in the air. [redacted]

Unless otherwise directed, Walker will be introduced to Calero and efforts will be made to defray the cost of Walker's operations from other than Calero's limited assets.

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③ **TOP SECRET** UNCLASSIFIED Ploh 4/4/86 **SENSITIVE**

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~ 13, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

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In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in [redacted] had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

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-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts a[redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.
  - At A+7 hours, the U.S. hostages will be released in Beirut.
  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

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-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

Sandinistas

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs, [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [redacted]

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-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

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SECRET UNCLASSIFIED SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness.. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.
- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.
- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.
- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages, return of those killed (over time) is essential.

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- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] but our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

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- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of

[illegible]

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SECRET 3 **SENSITIVE**

III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted] [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted] [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

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STAFF INTERVIEW OF JACQUELINE TILLMAN

United States Senate
Select Committee on Military
Assistance to Iran and the
Nicaraguan Opposition
Washington, D. C.
Thursday, April 2, 1987

The staff interview commenced at 5:20 p.m., when were present:

On behalf of the Select Committee:

Mark Belnick

Terry Smiljanich

On behalf of Jacqueline Tillman:

Alan Charles Raul, Esq.

Partially Declassified/Released on Dec 23, 1987 under provisions of E.O. 12356 by B. Reger, National Security Council

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PROCEEDINGS

Whereupon,

JACQUELINE TILLMAN,

was called as a witness and, having been duly sworn by Raymond Heer, a Notary Public in and for the District of Columbia, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SELECT COMMITTEE

BY MR. BELNICK:

Q Jackie, would you state your name for the record?

A Jacqueline Tillman.

Q By whom are you employed?

A The National Security Council.

Q How long have you been employed by the NSC?

A I have worked there since February 15, 1984, a little over three years.

Q Would you give us the positions you've held on the NSC staff from the time you started working there until today?

A My title was Deputy Director for Latin America, and I have been promoted to Director for Latin America about six weeks ago, early February of this year, '87.

Q Now as Deputy Director of Latin American Affairs when you began what general responsibilities did you have?

A From February 1984 to early December 1984 I worked on Central American affairs and I switched to the South

American countries in December '84.

Q What was the reason for switching to the South American countries?

A Two major reasons. I felt that there were a lot of interesting things happening in South America that needed more day-to-day attention and I was frustrated at my inability to fully participate in all aspect of policymaking at the NSC regarding Central America.

Q In your judgment what was the reason that you had been unable to participate, as you just described it?

A I don't really know why.

Q Did you attribute it in any way to Oliver North?

A I think Ollie had a very proprietary attitude about Central America.

Q Did you feel that he was in some ways trying to take over that account for himself?

A Sure, yes.

Q Now during the time that you were responsible for Central American affairs were there ever occasions when Oliver North signed your name to memos without your consent?

A Yes, there were.

Q How?

A Early, when I first started working there -- well, I'm not sure he ever actually signed my name. I think on the "from" line he would list you as part of someone who

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participated in the memo. And when I would come in in the morning and see these memos with my name on them that I knew nothing about and had not contributed to, I asked him to please not do that, and he did. He stopped using my name.

Q Let me ask you first during what time period did these incidents occur?

A It was early, when I first started working there; like, I would say, within a month or two I had this conversation with Ollie, saying please, if I haven't seen something I don't want my name being used.

Q Did he tell you why he had thought it okay to use your name without asking you in advance?

A Not really, not that I recall. I think I just -- to ascribe --

Q Only what you recall him saying.

A He just thought it strengthened the memo to have more names on it, more people agreeing to whatever was being discussed. And so he wanted to have all our names on it. I believe I'm the only person that that happened to.

Q Do you know of any others?

A I think most of us -- as I recall, there were occasions where Constantine's name -- you know, it would be Oliver North. Usually the first name on the "from" line would be the actual author of the memo, and then the others would be sort of concurring or had participated or commented

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or added a line or two, or whatever.

I think all of us at one time or another, Constantine, Ray, I guess, had similar experience.

Q Just so that it is clear, Jackie, when you referred to Constantine I think you just said his last name. That is Constantine Menges?

A That's right.

Q And he was Director at that time?

A No, Constantine was Senior Director for Latin America, Special Assistant to the President.

Q You mentioned Ray as another one whose name you believe Ollie used on memos that Ollie wrote. Are you referring to Raymond Burghardt?

A Ray Burghardt, who started at the NSC about two weeks after I did, and was Director for Latin America, subsequently promoted to Senior Director.

Q Do you [redacted] to [redacted] North directed or addressed any of the memos to which he affixed your name without your prior approval?

A Almost all our memos went to either John Poindexter as the Deputy at the NSC or Robert McFarlane, who was the Assistant to the President for National Security.

Q Did you ever tell Admiral Poindexter or Mr. McFarlane that memos had been sent to either of them with your name but without your prior approval?

A No.

Q Did there come a time, Jackie, in the spring of 1985 that you had a communication from someone named Adreanna Guillen -- G-u-i -- could you spell that, please?

A I believe it's G-u-i-l-l-e-n.

Q A communication from her that concerned Oliver North?

A Yes.

Q Would you first just tell us who Adreanna Guillen is?

A Adreanna is currently living in Washington. Her home is in Annandale. She is a Nicaraguan who left Nicaragua in 1981, I think, maybe '82 -- '81, I think -- and at the time was working very closely with the Meskito Indians and was somebody that I had known since December. I think I first met her December 1980 when she was a reporter for La Prensa and was interviewing Jeanne Kirkpatrick.

Q Were you working for Ambassador Kirkpatrick then?

A Yes.

Q Now let's go to the event in the spring of 1985 involving a communication from her to you. First, do you recall approximately when this occurred?

A It was, as best I can recall from looking at my calendars and so on, it was probably sometime in late spring 1985. A group of Meskito Indian leaders had been in

Washington. Among them were [redacted] Well, you know, they are a whole English-speaking Creole community in this part of the country.

In any case, they were up and I met with them and we sort of reviewed work. Apparently Ollie met with them as well. A few days after they left Washington Adreanna and I saw each other and she told me that when they had met with Ollie they had talked about the need for funds to travel and to maintain themselves and to get the word out about what was happening to the Meskito Indians and so forth, and that Ollie had offered to make arrangements for them to receive money, and that the day -- I believe the day after -- they had met with Ollie they were told to come in front of the Old Executive Office Building on Pennsylvania Avenue and that they would be given some cash.

And apparently that did happen. They did go there the next day and a man named Rob Owen handed them an envelope with cash in it. I think it was $2,000 or $3,000. And I was very alarmed, to say the least.

Q She told you that this transfer of funds to them took place in front of the Old Executive Office Building?

A Right. It sounded like Rob was on the sidewalk, they pulled up in a car, and an envelope was handed to them with cash. And then they left.

Q Why were you alarmed when you heard about this, when you heard this story from her?

A Because I thought it showed an incredible lack of judgment. I thought that this was the kind of thing that could impact very negatively on the Administration and on the President, and I thought doing it in the proximity of the White House was astonishing.

Q Did you take any action once you received this information from Adreanna Guillen?

A Yes. I went to a colleague, Ken deGraffenreid, because I knew that Ken had a good working relationship and good personal relationship with Poindexter, and I told him about this incident, and told him I thought that I was very concerned that this sort of thing might be going on, and I thought it was very improper.

Q And you relayed to Mr. deGraffenreid the full story that you had just heard from Miss Guillen; is that correct?

A Correct.

Q And what was Mr. deGraffenreid's position at that time?

A Well, he agreed and he told me that --

Q What was his position at the NSC?

A I'm sorry. He was Senior Director for -- in the Intelligence Directorate and Special Assistant to the

President.

Q Now what did Mr. deGraffenreid say after you related to him Miss Guillen's story?

A He agreed that this was improper and agreed to speak with Poindexter about it.

Q Did there ever come a time when Mr. deGraffenreid advised you whether he had spoken to Admiral Poindexter or not?

A Yes.

Q And what did Mr. deGraffenreid say to you?

A I don't remember how many days passed, but it seems to me it was probably about a week or so. I saw Ken in the hall or at a meeting or something, and he said, by the way, Jackie, I did talk to Poindexter about this, about what you raised with me, and he said that Ollie's wings were going to be clipped.

Q Mr. deGraffenreid told you that Admiral Poindexter had said to him that Ollie's wings would be clipped?

A Right.

Q Did you ever discussed this incident with Oliver North?

A No.

Q Why not?

A That's a good question. It never occurred to me to ask Ollie about this because Ollie was so clearly in control of everything. That's a very good question. Probably because I felt that whatever Ollie was doing, and if he was doing these sorts of things, that I would have very little ability to affect his thinking about what he was doing. I mean, by then I had had enough experience with trying to get a certain point of view across to Ollie unsuccessfully that it happened enough times that I suppose that at the time I felt it would have been futile.

Q Was Ollie in charge of the Central America account by then?

A It was more a shared account in the sense that the diplomatic assistance kinds of issues were still part of our directorate, although he had a say in those arenas, like the Contadora discussions and discussions with the Sandinistas. But those weren't primarily his account. He was mostly, I think, involved in military aspects of our policy, the support for the Contras, and military assistance [redacted] -- those sorts of issues.

He had what you might call primacy.

Q But you had switched to the South American account within your directorate, correct?

A Correct.

Q And Ray Burghardt had switched with you and taken over Central America?

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A Right.

Q I just want to ask you, as of or after the switch, or even before, did you feel any bitterness towards Oliver North because of the relationship that had developed between you at the NSC?

A Sure. It made me very unhappy. I remember saying -- and I say this all the time -- I think the goal of the NSC staff was to make sure that the NSC Advisor and the President get the best they can, and I felt that that required a collaborative effort because I thought that the various people working on these problems had different areas of expertise and skill, and I thought that collaborative efforts on most issues, as a matter of fact, would probably result in a very, very excellent piece of work for the President and the NSC Advisor.

Q Had you made those views known to Oliver North from time to time?

A Yes.

Q And the result?

A No change in behavior.

Q Did you at some point, or at any point, share with Bud McFarlane your concerns about Ollie North's way of working at the NSC staff?

A Not specifically. I approached it in a different way. I did say to him, Bud, I think you've got four very

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good people working on these issues. I told him where I thought our strengths were and what we brought to decisionmaking and NSC staff work, and I said that I thought that if we all worked together that he and the President could be assured of getting a very, very excellent product and analysis from us.

But I said I didn't think we were, and then I urged him to do that. And I got a very polite hearing.

Q And beyond that any response?

A No.

Q Jackie, you are familiar with the RIG, the Restricted Interagency Group, that met concerning Latin American affairs and Central America included during 1984 and 1985?

A Yes.

Q Were you invited to attend RIG meetings?

A No, not ordinarily. I would go if somebody was -- if I was the only person there, which happened on occasion if everybody was on travel.

Q Who chaired the RIG meetings on Latin America?

A The Assistant Secretary for Latin American Affairs. First it was Tony Motley and then Elliott Abrams.

Q When did Elliott Abrams take over? Do you recall?

A It was May 1985. I think March, May, somewhere around there, Elliott took over.

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Q I think it was '84.

A No.

MR. BELNICK: Off the record.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q When Secretary Motley chaired the RIG, at least from the time that you started working at the NSC, who attended from the NSC staff?

A Usually Constantine Menges and Ollie.

Q Were you invited to any of those meetings during the Motley period?

A Sometimes.

Q When Secretary Abrams took over the RIG, who attended the meetings, as far as you know, from the NSC staff?

A Ollie and Ray Burghardt.

Q Were you invited to any of those meetings?

A No. Those RIGs were almost always about Central America and covert actions were covered and so on, and so they were restricted. They were called Restricted Interagency Group.

Q How do you know that is what they were about?

A Because on occasion I, number one, would go to them, and occasionally there would be something that either Constantine or Ray would ask me about what do you think

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about this. This was brought up; do you have any ideas or whatever.

Q At any RIG meetings that you attended in 1985 was there discussion of how the Contras were faring on the ground in Nicaragua?

A I don't think so. I mean, if you are thinking about another incident, you've got your ears wrong.

Q Tell me.

A '84 -- no, wait a minute. I don't know where you're going. All right. In '85, did I go to any RIGs?

Q Where the Contras were discussed. Let's start with that.

A I assume so. I would have to check my records, but I assume so. I think that is a yes.

Q Did you take notes at any of the RIG meetings that you attended?

A Probably. I tend to do that.

Q And where would those notes be?

A In my office, in my safe.

Q Have you looked through any of those notes in response to any of these various document requests that have been made?

A No, but I'm going to this week because you just asked again. The first request we received was very specific. This one is very broad.

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MR. BELNICK: We will appreciate it if Jackie could review all of her records and notes and let us have --

MR. RAUL: Well, Mr. Belnick, as you know, we have circulated a new search request through the White House and NSC and in due course all responsive documents, I would anticipate, will be provided.

MR. BELNICK: I have no doubt.

BY MR. BELNICK: (Resuming)

Q Now, Jackie, was there an event during 1984 that you recall?

A Well, this related more to El Salvador.

Q Would you describe that?

A At the time there was a very cyclical pattern.

MR. RAUL: I would like to go off the record here for a second.

(A discussion was held off the record.)

MR. BELNICK: Back on the record.

THE WITNESS: There is a cyclical pattern to offenses with the guerrillas in El Salvador. What's the word I'm looking for? Alan, you're a lawyer.

MR. RAUL: I need a little more to go on.

(Laughter.)

THE WITNESS: There's a cyclical pattern to their offenses -- offensives, period -- there we go -- and normally when the rainy season is over you can expect one in the fall, and in the fall of '84 we started getting what I thought was some fairly good intelligence indicating that they were gearing up. Ammunition was being sent to them using various ways and routes from Nicaragua into El Salvador.

I felt that Ollie's evaluation of that intelligence was incorrect.

MR. BELNICK: Let's go off the record for a second.

(A discussion was held off the record.)

THE WITNESS: I felt Ollie's evaluation of the intelligence was overstated and I recall McFarlane going on TV, calling and saying there was a Tet offensive coming in El Salvador, and I felt that was incorrect. That was an incorrect analysis. I had been to a warning meeting, which is a monthly meeting that the CIA chairs -- interagency -- with analysts from the intelligence agencies, where this had been discussed, and the DIA analyst, whom I have a great deal of regard for, felt that this was the normal offensive, that there wasn't anything spectacular about it.

In conjunction with this offensive Ollie believed that we should be doing certain covert actions, which I don't believe are relevant to discuss here. I felt that they were very, very poorly conceived. I felt that they

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showed a very poor lack of judgment. I didn't think that they would necessarily work and thought that disclosure was probable and would cause the President difficulties in a period of time when he was in the middle of a reelection campaign for the Presidency.

And so I went to various people. There was to be a discussion of this at, I think they are called, the CPPG meetings, and so I remember speaking to a colleague on the Vice President's staff about my disagreement with this proposed course of action. And I spoke to Bill Casey about it. Ray Burghardt had better access to Poindexter than I did, and so I badgered Ray for about two weeks and Ray finally talked to Poindexter about it.

BY MR. BELNICK: (Resuming)

Q Now do you recall -- and we're coming close to the end of the examination, so just a few questions.

Do you recall in that connection that Ollie North had put the plan in writing?

A Well, there was a memorandum for the meeting that Ollie had written and I wanted very much to see it to see whether or not we could put a word of dissent, and I was not permitted to see it by Ollie. And I went across the street to Admiral Poindexter's office and by the time I got there he was on the phone with Ollie and he did not receive me.

Q And did you complain to Paul Thompson?

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A Yes, poor Paul. Yes, I did.

Q Did you complain to him about not being able to see this NSC document that Ollie had prepared?

A Yes.

Q And what did Commander Thompson respond?

A He was very embarrassed, but he said -- I mean, his body language was more eloquent than what he actually said. He just sort of threw his hands up in the air.

Q And said what can I do, in effect?

A Yes.

Q And did you ever get to see the document?

A No.

Q This was an official NSC document?

A Yes.

Q Did you ever have an experience like that with anyone else on the NSC staff in an area where you were involved?

A Well, I think what I was learning from this experience was that I wasn't involved and it was not too long after that that I switched my portfolio.

Q A few more questions. When you gave us the account some moments ago of the information Adreanna Guillen gave you you mentioned the name of the man whom she said had handed the cash over in front of the Old Executive Office Building, and I would like the record to be clear. Was the

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name she named Robert Owen?

A Yes.

Q And did you know Rob Owen at that time? Did you know who he was?

A Yes.

Q And who did you know him to be?

A I don't remember when I first met him, but he was working on the Hill for Senator Hatch, I believe.

Q Could it have been Senator Quayle?

A Quayle. Excuse me, yes. Yes, and I may have met him at something -- you know, a reception or whatever -- where Central America hands gather. In any case, he followed up our initial meeting. I don't remember where I first met him, but in any case he phoned me and asked to have lunch. I talked to him on the phone a couple of times.

I had lunch with him. I felt uncomfortable because I thought he was very operational and was interested about stuff and things that, I don't know I just didn't feel comfortable talking about.

Q Questions about John Hull and Eden Pastora; did he raise those at the lunch?

A Yes. Well, I don't know about lunch, but wherever, and the number of conversations, however many there were with him, he did ask about air fields and John Hull.

Q And who were you working for at that time?

A I was an Executive Assistant to Ambassador Jeanne Kirkpatrick.

Q Do you know what Rob Owen's position was in the late Spring of 1985, for whom he was working, where he was working?

A No, I do not know.

Q Do you know what, if any, relationship Owen had with Oliver North at that time?

A How does one say it? I mean, the formulation in my mind was that Ollie, one of Ollie's boys. I mean, Ollie seemed to have people that were somehow connected with him and doing what, I didn't know, but I would see Rob from time to time, -- I would say maybe two or three times, I don't really recall -- in Ollie's office when I had an occasion to be in that office complex.

Q And it was from those sightings that you got an impression that he was "one of Ollie's boys"?

A Yes.

MR. RAUL: Jackie, if I could just for a second make sure the record is clear, did you -- you did not see the transaction in front of the OEOB; is that right?

THE WITNESS: I did not.

MR. RAUL: And did you speak with anyone who did see the transaction or participated in it?

THE WITNESS: I believe Adreanna was there in the car.

MR. RAUL: So when she spoke to you or told you about it she had seen this transaction in front of the OEOB?

THE WITNESS: Yes, to the best of my recollection.

BY MR. BELNICK: (Resuming)

Q Now, lastly, do you recall that the Congress adopted what is known as the Boland Amendment, which came into effect, the Boland Amendment Two, in or about October 1984; do you know what I am referring to?

A Yes, I do.

Q When the restrictions that that amendment contained went into effect were there any meetings at the NSC, any staff meetings, which discussed what the effect of Boland would be on any NSC activities?

A On NSC activities?

Q Yes.

A Not that I am aware of.

Q Were there any meetings, were there any planning sessions or discussions of what to do with respect to Nicaragua, the Contras, in the light of the Boland restrictions?

A I believe so. I was not a participant, but I have some sort of memory of how can they keep going and what can be done, and where are we and what does this mean vis-a-vis our policy in Central America -- all those assessments, I believe, were taken.

Q Now you say you have a memory of that but you weren't a participant?

A Right.

Q Would you help me with that?

A Well, again, just as a way of background, directorates in the National Security Council are very small. There may be three, four people, professional people working on them, and the most -- I think in most of the directorates there's a great deal of communication about whatever it is that you are working on, and even though you specifically may be involved in one or two countries and not in the other two, it's important to have a notion about what is happening in case a staffer is on travel and something happens and you have to cover in that person's absence.

So I think there's a certain level of communication, and I think the record is very clear that the White House was concerned about how the Contras were going to survive in light of the aid cutoff and that private efforts were encouraged. The President participated in fundraisers. One that I recall -- I think it was Refugee Fund -- letters were written, different events where money was being raised, private efforts.

MR. RAUL: Jackie, do you know that the

fundraisers were for the Contras or for, you mentioned, a refugee group? THE WITNESS: Well, I think they were for Nicaraguans involved in opposition to the Sandinista regime. Obviously there was humanitarian assistance being raised privately for them.

BY MR. BELNICK: (Resuming)

Q Did you hear discussions as to whether there were other countries being solicited to provide funds for any purposes?

A No.

Q The refugee support that you say the President participated in or tried to raise funds for, what occasion was that?

A As I recall, that was a private sector organization that had a fundraiser for Nicaraguans involved in opposition activities to the Sandinistas. The President did a drop-by, as we call them.

Q This was a public event?

A Yes, and made a few remarks.

Q You were there?

A No, I did not go.

Q How do you know that it occurred?

A He was on TV, for one thing, and because, again --

Q I wanted the record to be clear on that because what I'm really asking is do you remember any --

A I didn't go. I was receptioned out, I think, quite frankly.

Q Aside from public events and televised speeches and so forth, do you recall any discussions of meetings at the NSC, formal meetings, about what will United States policy be now that Boland II is in effect? How will be help the Contras, if at all, while these restrictions are in effect?

A Sure. I'm sure there were meetings about those.

Q Did you participate in them?

A I did not participate in any.

Q Did you hear the results of any of these discussions? Did anyone tell you we have decided at a meeting that we will do the following to keep the Contras viable for the next year or until Congress restores aid, if they ever do?

A Not as a decision. I mean, sort of as -- well, this is hard. I mean, it's hard to answer accurately because it is so conversational, you know. You have occasional staff meetings with your director, and you say well, the private efforts may be able to keep them going, but, you know how people arrive at that conclusion, whatever it was, in a meeting or whatever.

Q Let me try and make it more precise, then. Did you understand that the private efforts involved private donors giving money that could be used for military purposes by the Contras?

A No. I think we understood that there were some legal prohibitions about doing that, as I recall, but that they could probably receive what we are calling the generic term "humanitarian assistance".

Q So you never heard discussions at the NSC that efforts were being made to raise money for lethal or military assistance from private organizations?

A Not within the United States. I mean, my understanding was that if foreign governments or foreign entities, organizations, wanted to contribute in the military arena that that was permitted -- I mean, that they could obviously -- I mean, they were sovereign countries involved, or whatever, but whether or not they were actually beating the bushes for that or so on.

Q Can you remember anyone who gave you an understanding of what foreign governments could do permissibly?

A Was I formally told that in any way?

Q Yes.

A No.

Q Were any guidelines given to NSC staff members as to what was permissible and what was not permissible under

Boland?

A Not to me.

Q You never saw a memo to that effect?

A No.

Q You never attended a staff meeting where somebody said here is what is allowable and what is not allowable; is that right?

A Yes. I never attended such a meeting.

MR. BELNICK: Mr. Raul, do you have anything?

MR. RAUL: No. I just want to thank you for giving us this opportunity to testify fully and to note for the record that Miss Tillman appeared voluntarily pursuant to your request. I assume that we will get a copy of the transcript of this deposition?

MR. BELNICK: Yes, you will get a copy of the transcript and I want to say something in addition to saying you are welcome and thank you. Not only did Miss Tillman appear voluntarily but she appeared before today for an interview also voluntarily, and I want to thank her for her time and apologize to the extent we have taken you away from your duties on two occasions. And thank you for your cooperation with the Committee's inquiry.

THE WITNESS: I have something I would like to say for the record. I believe everything I have said here is true, but I would like to qualify it to this extent: Life

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at the NSC is very exhausting. We work -- I would like to quote McFarlane: We work long hours. The working conditions are awful, but the pay is bad.

(Laughter.)

THE WITNESS: And dates, events, we go to many meetings and if you're tired sometimes you work very late into the night.

MR. BELNICK: Jackie, I understand that.

THE WITNESS: I just wanted to make sure. I am an honest person and to the best of my ability today this is my recollection. Okay?

MR. BELNICK: Absolutely. Anything else?

THE WITNESS: No.

MR. BELNICK: Then let me thank you again.

(Whereupon, at 6:00 p.m., the taking of the instant deposition ceased.)

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